OFFERING CIRCULAR

Banco Comercial Português, S.A.

(Incorporated with limited liability under the laws of Portugal)

and

BCP Finance Bank, Ltd.

(An exempted company incorporated with limited liability under the laws of the Cayman Islands)

EUR25,000,000,000
Euro Note Programme

Arranger

UBS Investment Bank

Programme Dealers

ActivoBank	Banca IMI	Banco Santander Totta
Barclays	BNP Paribas	BofA Merrill Lynch
Citigroup	Credit Suisse	Deutsche Bank
HSBC	J.P. Morgan	Millennium Investment Banking
Morgan Stanley	The Royal Bank of Scotland	UBS Investment Bank

The date of this Offering Circular is 28 June, 2012

This Offering Circular replaces and supersedes the Offering Circular dated 15 June, 2011 describing the Programme (as defined below). Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Notes already in issue.

This Offering Circular comprises a base prospectus for the purposes of Article 5.4 of Directive 2003/71/EC (the "Prospectus Directive").

Each of BCP Finance and the Bank (the "Responsible Persons") accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of each of BCP Finance and the Bank (each having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

The previous paragraph should be read in conjunction with the last paragraph on the following page.

Subject to the provisions of the applicable Final Terms, the only persons authorised to use this Offering Circular in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers and the persons named in or identifiable following the applicable Final Terms as the Financial Intermediaries, as the case may be.

An Investor intending to acquire or acquiring any Notes from an Offeror will do so, and offers and sales of the Notes to an Investor by an Offeror will be made, in accordance with any terms and other arrangements in place between such Offeror and such Investor including as to price, allocations and settlement arrangements. The relevant Issuer will not be a party to any such arrangements with Investors (other than the Dealers) in connection with the offer or sale of the Notes and, accordingly, this Offering Circular and any Final Terms will not contain such information. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION, THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

Certain information relating to the terms of an offer by an Offeror to an Investor may not be available at the time of publication of this Offering Circular. The Investor must look to the Offeror at the time of such offer for the provision of such information and it is the responsibility of the Offeror to ensure that information relating to the offer that has been omitted from this Offering Circular is provided to the Investor at the time such offer is made. Neither the relevant Issuer nor any of its affiliates shall have any responsibility to an Investor in respect of such information.

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" below). This Offering Circular shall be read and construed on the basis that such documents are so incorporated and form part of this Offering Circular.

Neither the Trustee (as defined herein) nor any Dealer has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by any Dealer or the Trustee as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by BCP Finance or the Bank in connection with the Programme. Neither the Trustee nor any Dealer accepts any liability in relation to the information contained in this Offering Circular or any other information provided by BCP Finance or the Bank in connection with the Programme.

No person is or has been authorised to give any information or to make any representation not contained in or consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by BCP Finance, the Bank, any Dealer or the Trustee.

Neither this Offering Circular nor any other information supplied in connection with the Programme or the Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by BCP Finance, the Bank, any Dealer or the Trustee that any recipient of this Offering Circular or any other information supplied in connection with the Programme should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the

creditworthiness, of BCP Finance or the Bank. Neither this Offering Circular nor any other information supplied in connection with the Programme constitutes an offer or invitation by or on behalf of BCP Finance, the Bank, any Dealer or the Trustee to any person to subscribe for or to purchase any Notes.

Under the EUR25,000,000,000 Euro Note Programme (the "Programme"), each of Banco Comercial Português, S.A. (the "Bank", "BCP", "Banco Comercial Português" or "Millennium bcp"), acting either through its head office or through its Macao branch, and BCP Finance Bank, Ltd. ("BCP Finance" and, together with the Bank in its capacity as an issuer of Notes under the Programme, the "Issuers" and each an "Issuer") may from time to time issue notes in bearer and/or registered forms (respectively, "Bearer Notes", and "Registered Notes" and together the "Notes", which expression shall include Senior Notes and Subordinated Notes (each as defined below)) denominated in any currency agreed between the Issuer of such Notes (the "relevant Issuer") and the relevant Dealer (as defined herein). The payment of all amounts payable in respect of Notes issued by BCP Finance will be unconditionally and irrevocably guaranteed by the Bank acting through its Macao branch only if so indicated in the applicable Final Terms (as defined herein).

In addition, the Bank acting through its head office may issue Notes in book-entry and registered form that will be held through Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de valores Mobiliários, S.A. ("Interbolsa"), as management entity of the Portuguese Centralised System (*Central de Valores Mobiliários*).

Considering that Notes to be issued by BCP Finance are expected to be subscribed primarily by international investors, such Notes may, whenever indicated in the Final Terms, be guaranteed by the Macao branch of Banco Comercial Português, S.A., which has an international business scope (Banco Comercial Português, S.A., acting through is Macao branch, the "Guarantor"). Macao branch acting as a guarantor does not affect the fact that Banco Comercial Português, S.A. is a Portuguese entity and that investors rights are against Banco Comercial Português, S.A. only.

The Final Terms for each Tranche (as defined below) of Notes will state whether the Notes of such Tranche are to be (i) senior Notes which, in the case of Notes issued by BCP Finance, will, if guaranteed, be guaranteed on an unsubordinated basis ("Senior Notes") or (ii) subordinated Notes which, in the case of Notes issued by BCP Finance, will, if guaranteed, be guaranteed on a subordinated basis ("Subordinated Notes").

The maximum aggregate nominal amount of all Notes from time to time outstanding will not exceed EUR25,000,000,000 (or its equivalent in other currencies calculated as described herein), subject to increase as provided herein. A description of the restrictions applicable at the date of this Offering Circular relating to the maturity of certain Notes is set out on page 11.

The Notes will be issued on a continuing basis to one or more of the Programme Dealers or Issue Dealers (each as defined herein) appointed under the Programme from time to time. The Programme Dealers and the Issue Dealers are herein together referred to as the "Dealers" and references to a "Dealer" are to a Programme Dealer or, as the case may be, an Issue Dealer. References to the "relevant Dealer" are references to the Dealer or Dealers with whom the relevant Issuer has agreed or proposes to agree the terms of an issue of Notes under the Programme.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

Any person (an "Investor") intending to acquire or acquiring any securities from any person (an "Offeror") should be aware that, in the context of an offer to the public as defined in section 102B of the Financial Services and Markets Act 2000 (FSMA), the relevant Issuer may be responsible to the Investor for the Offering Circular under section 90 of FSMA, only if the relevant Issuer has authorised that Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by the relevant Issuer. If the Offeror is not authorised by the relevant Issuer, the Investor should check with the Offeror whether anyone is responsible for the Offering Circular for the purposes of section 90 of FSMA in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Offering Circular and/or who is responsible for its contents it should take legal advice. Where information relating to the Terms of the relevant offer required pursuant to the Prospectus Directive is not contained in this Offering Circular or the relevant

Final Terms, it will be responsibility of the relevant Offeror at the time of such offer to provide the Investor with such information.

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the "UK Listing Authority") for Notes issued under the Programme during the period of twelve months from the date of this Offering Circular to be admitted to the official list of the UK Listing Authority (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the London Stock Exchange's regulated market. References in this Offering Circular to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange's regulated market and have been admitted to the Official List. The London Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (the Markets in Financial Instruments Directive). The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer and the relevant Dealer. Each Issuer may also issue unlisted Notes.

Notice of the aggregate nominal amount, the issue price, the issue date and maturity date of the Notes, interest (if any) payable in respect of the Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes will be set forth in Final Terms (the "Final Terms") which, with respect to Notes to be listed on the London Stock Exchange will be delivered to the UK Listing Authority and the London Stock Exchange, respectively.

The Programme has been rated "Ba3/NP" (in respect of Senior Notes with a maturity of more than one year and Senior Notes with a maturity of one year or less, respectively) and "B3" (in respect of Subordinated Notes) by Moody's Investors Service España, S.A. ("Moody's"), "B+/B" (in respect of Senior Notes with a maturity of more than one year and Senior Notes with a maturity of one year or less, respectively) and "CCC+" (in respect of Subordinated Notes) by Standard & Poor's Credit Market Services Europe Limited ("Standard & Poor's"), and "BB+/B" (in respect of Senior Notes with a maturity of more than one year and Senior Notes with a maturity of one year or less, respectively) by Fitch Ratings Limited ("Fitch") and "BBB (low)/R-2" (mid) (in respect of Senior Notes with a maturity of more than one year and Senior Notes with a maturity of one year or less, respectively) and "BB (high)" (in respect of Subordinated Notes) by DBRS, Inc. ("DBRS"). The Programme has not been rated in respect of Senior Notes and Subordinated Notes issued by BCP Finance which are not guaranteed by the Bank acting through its Macao branch. Moody's, Standard & Poor's and Fitch are established in the European Union and are registered under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation"). As such Moody's, Standard & Poor's and Fitch are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation. DBRS, Inc. is not established in the European Union but the ratings it has assigned to Banco Comercial Português, S.A. are endorsed by DBRS Ratings Limited for use in the European Union. DBRS Ratings Limited is a rating agency established in the European Union and registered in accordance with CRA Regulation. Tranches of Notes issued under the Programme may be rated or unrated. Where a tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms. Please also refer to "*Credit ratings may not reflect all risks*" in the "Risk Factors" section of this Offering Circular.

All financial information in this Offering Circular relating to the Bank for the years ended 31st December 2010 and 2011 has been extracted without material adjustment from the audited financial statements of the Bank for the financial years then ended.

The relevant Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes set out herein, in which event in case of listed Notes only, a supplement to the Offering Circular, if appropriate, will be made available, which will describe the effect of the agreement reached in relation to such Notes.

The Issuers may decide in the future to issue Notes on an undated subordinated basis under the Programme. In such circumstances, the Issuers will prepare a supplement to the Offering Circular containing the terms and conditions of such Notes which will include, where the Issuer is BCP Finance, details of any guarantee of the Bank.

Copies of each Final Terms will be available from the specified office set out below of the Trustee and (in the case of Bearer Notes) from the specified office set out below of each of the Paying Agents and (in the case of Registered Notes) from the specified office set out below of each of the Registrar and the Transfer Agents (each as defined below).

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons within the meaning of Regulation S under the Securities Act ("Regulation S") unless the Notes are registered under the Securities Act or an exemption from the registration requirements of the Securities Act is available. Unless otherwise provided with respect to a particular Series of Registered Notes, the Registered Notes of each Tranche of such Series sold outside the United States in reliance on Regulation S will be represented by a permanent global Note in registered form, without interest coupons (a "Reg. S Global Note"), deposited with a common depositary for, and registered in the name of a common nominee of, Clearstream Banking, société anonyme ("Clearstream, Luxembourg") and Euroclear Bank SA/NV ("Euroclear"). Prior to expiry of the period that ends 40 days after completion of the distribution of each Tranche of such Notes, as certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue (the "Distribution Compliance Period"), beneficial interests in the Reg. S Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person except in accordance with Rule 144A under the Securities Act ("Rule 144A") or pursuant to another applicable exemption from the registration requirements of the Securities Act. Unless otherwise provided with respect to a particular Series of Registered Notes, the Registered Notes of each Tranche of such Notes sold in private transactions to qualified institutional buyers within the meaning of Rule 144A ("QIBs") will be represented by a restricted permanent Global Note in registered form, without interest coupons (a "Restricted Global Note", and, together with a Reg. S Global Note, "Registered Global Notes"), deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("DTC"). The Registered Notes of each Tranche sold to "accredited investors" that are institutions (as defined in Rule 501 (a) (1), (2), (3) or (7) under the Securities Act) ("Institutional Accredited Investors") will be in definitive form, registered in the name of the holders thereof. Registered Notes in definitive form will, at the request of the holder (save to the extent otherwise indicated in the applicable Final Terms), be issued in exchange for interests in the Registered Global Notes upon compliance with the procedures for exchange as described in "Form of the Notes". Each Tranche of Bearer Notes will be sold outside the United States in reliance on Regulation S and will initially be represented by a temporary bearer global Note (a "Temporary Bearer Global Note") which will be deposited on the issue date thereof with a common depositary or common safekeeper on behalf of Clearstream, Luxembourg and Euroclear and/or any other clearance system. On and after the date which is 40 days after the date on which a Temporary Bearer Global Note is issued, beneficial interests in a Temporary Bearer Global Note will be exchangeable for either beneficial interests in a permanent bearer global Note (a "Permanent Bearer Global Note") or definitive Bearer Notes upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury regulations and thereafter any Permanent Bearer Global Note may be exchanged for definitive Bearer Notes (save to the extent otherwise indicated in the applicable Final Terms) upon request, in each case in accordance with the procedure described in "Form of the Notes". For further details of clearing and settlement of the Notes issued under the Programme see '*Clearing and Settlement*" below. The Book Entry Notes will be registered by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. (Interbolsa) as management entity of the Portuguese Centralised System of Registration of Securities (Central de Valores Mobiliários) (CVM). Each person shown in the individual securities accounts held with an authorised financial intermediary institution entitled to hold control accounts with the *Central de Valores Mobiliários* on behalf of their customers (and includes any depository banks appointed by Euroclear and/or Clearstream, Luxembourg for the purpose of holding accounts on behalf of Euroclear and/or Clearstream, Luxembourg, respectively) ("Affiliated Member") as having an interest in the Book Entry Notes shall be considered the holder of the principal amount of Notes recorded. One or more certificates in relation to the Book Entry Notes (each a Certificate) will be delivered by the relevant Affiliated Member of Interbolsa in respect of its registered holding of Notes upon the request by the relevant holder of Book Entry Notes and in accordance with that Affiliated Member's procedures and pursuant to article 78 of the Portuguese Securities Code (Código dos Valores Mobiliários).

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning BCP Finance and the Bank is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing such information. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of BCP Finance or the Bank during the life of the Programme or to advise any Investor in the Notes of any information coming to their attention. To the extent that any information received from BCP Finance or the Bank is material non-public information, each of the Dealers and the Trustee have expressly agreed to maintain its confidentiality until the information is public. Investors should review, amongst other things, the most recent financial statements, if any, of BCP Finance and the Bank when deciding whether or not to purchase any Notes.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction.

The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. BCP Finance, the Bank, the Dealers and the Trustee do not represent that this Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, nor assume any responsibility for facilitating any such distribution or offering. In particular, unless specifically indicated to the contrary in the applicable Final Terms, no action has been taken by BCP Finance, the Bank, the Dealers or the Trustee (save for the approval of this Offering Circular as a base prospectus for purposes of the Prospectus Directive by the Financial Services Authority) which would permit a public offering of the Notes or distribution of this Offering Circular or any other offering material relating to the Programme or the Notes issued thereunder in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material relating to the Programme or the Notes issued thereunder may be distributed or published in any jurisdiction, except in circumstances that will result in compliance with any applicable laws and regulations. Each Dealer has represented or, as the case may be, will be required to represent that all offers and sales by it will be made on the terms indicated above. Persons into whose possession this Offering Circular or any Notes come must inform themselves about, and observe, any applicable restrictions on the distribution of this Offering Circular and the offering and sale of the Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and Portugal), Japan and the Cayman Islands (see "*Subscription and Sale and Transfer Restrictions*" below).

This Offering Circular has been prepared on the basis that, except to the extent sub-paragraph (ii) below may apply, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Offering Circular as completed by final terms in relation to the offer of those Notes may only do so (i) in circumstances in which no obligation arises for the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer, or (ii) if a prospectus for such offer has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State and (in either case) published, all in accordance with the Prospectus Directive, provided that any such prospectus has subsequently been completed by final terms which specify that offers may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State and such offer is made in the period beginning and ending on the dates specified for such purpose in such prospectus or final terms, as applicable and each Issuer has consented in writing to its use for the purpose of such offer. Except to the extent sub-paragraph (ii) above may apply, neither the relevant Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the relevant Issuer or any Dealer to publish or supplement a prospectus for such offer.

The Notes may not be a suitable investment for all prospective investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial market; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes, notably if they include derivatives, are complex financial instruments and/or complex financial products ("produtos financeiros complexos") as defined in Decree-Law 211-A/2008, of 3 November 2008 (or another that may replace it). A potential investor should not invest in Notes which are complex financial instruments and/or complex financial products unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

All references in this Offering Circular to (i) "U.S. dollars", "dollars", "USD", "U.S.$", "$" and "U.S. cent" refer to the currency of the United States of America, (ii) "Sterling" and "£" refer to the currency of the United Kingdom, and (iii) "Euro", "EUR" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union amended from time to time. All references in this Offering Circular to the "United States", "U.S." and the "US" refer to the United States of America, its territories and possessions, any state of the United States, and the District of Columbia.

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, will be in compliance with all relevant laws and regulations and may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment shall be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

INFORMATION AS TO PLACEMENT OF NOTES WITHIN THE UNITED STATES

With respect to the offering and sale of Notes issued under the Programme within the United States, this Offering Circular is highly confidential and has been prepared by the Issuers solely for use in connection with the offering of the Notes issued under the Programme described herein. In the United States, this Offering Circular is personal to each offeree to whom it has been delivered by the relevant Issuer or a Dealer or an affiliate thereof and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. Distribution in the United States of this Offering Circular to any person other than such offerees and those persons, if any, retained to advise such offerees with respect thereto is unauthorised and any disclosure of any of its contents, without the prior written consent of the relevant Issuer, is prohibited. Each prospective purchaser in the United States, by accepting delivery of this Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular.

The offers of Notes issued under the Programme are being made on the basis of this Offering Circular and the applicable Final Terms. Any decision to subscribe for any Notes must be based on the information contained herein and therein, except that each person receiving this Offering Circular acknowledges that such person has been afforded an opportunity to request and to review, and has received, all additional information considered by it to be necessary to verify the accuracy of or to supplement the information herein.

Any Notes offered and sold in the United States have not been and will not be registered under the Securities Act and are subject to certain restrictions on transfer. Prospective purchasers are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A under the Securities Act. For a description of certain further restrictions on resale of the Notes, see "*Clearing and Settlement*" and "*Subscription and Sale and Transfer Restrictions*".

A person investing in Notes issued under the Programme should be aware that such an investment may have tax consequences in the United States and other jurisdictions. Such consequences for investors who are resident in, or citizens of, the United States may not be described fully herein. Persons investing in Notes should consult their own tax advisors regarding the tax consequences applicable to them based on their particular circumstances. See "*Taxation—United States Taxation*" in this Offering Circular.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF THE STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

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SUMMARY OF THE PROGRAMME

This summary must be read as an introduction to this Offering Circular and any decision to invest in Notes should be based on consideration of this Offering Circular as a whole, including documents incorporated by reference. Following the implementation of relevant provisions of the Prospectus Directive in each Member State of the European Economic Area, no civil liability will attach to Responsible Persons in any such Member State in respect of this Summary, including any translation hereof, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Offering Circular. Where a claim relating to information contained in this Offering Circular is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating the Offering Circular before legal proceedings are initiated. Words and expressions defined in "*Form of the Notes*", "*Form of Final Terms*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this summary. References in this summary to a particular numbered Condition are to such Condition as set out in "*Terms and Conditions of the Notes*."

Issuers:	BCP Finance Bank, Ltd. Banco Comercial Português, S.A.
Guarantor:	Banco Comercial Português, S.A.
Risk Factors:	Certain factors may affect the relevant Issuer's ability to fulfil obligations under Notes issued under the Programme and/or the Bank's ability to fulfil its obligations under the Guarantee. These factors are set out under "Risk Factors" and include factors specific to the Portuguese economy, the Bank's exposure to foreign countries' economies, turbulence in its international foreign markets, volatility in interest rates, consequences of credit rating downgrades, legal and regulatory framework. Additionally, there are certain factors which are material when assessing market risks associated with Notes issued under the Programme. Some of these factors are set out under "Risk Factors" and include risks relating to the structure of a particular series of Notes and market risks.
Description:	Euro Note Programme
Arranger:	UBS Limited
Dealers:	Banca IMI S.p.A. Banco ActivoBank, S.A. Banco Comercial Português, S.A. Banco Santander Totta, S.A. Barclays Bank PLC BNP Paribas Citigroup Global Markets Limited Credit Suisse Securities (Europe) Limited Deutsche Bank AG, London Branch HSBC Bank plc J.P. Morgan Securities Ltd. Merrill Lynch International Morgan Stanley & Co. International plc The Royal Bank of Scotland plc UBS Limited The Issuers may at any time appoint additional dealer(s) in relation to the Programme or in connection with the issue of a Tranche of Notes issued thereunder and may issue Notes to such dealers in accordance with the provisions of the Dealer Agreement.
Trustee:	The Law Debenture Trust Corporation p.l.c.
Portuguese Paying Agent:	Banco Comercial Português, S.A.

Issuing and Principal Paying Agent and Agent Bank:	Citibank, N.A., London Branch (the "**Agent**")
Programme Size:	Up to EUR25,000,000,000 (or its equivalent in other currencies calculated as described on page 53) outstanding at any time. The Issuers may increase the amount of the Programme in accordance with the Dealer Agreement.
Currencies:	Subject to applicable legal or regulatory restrictions, any currency agreed between the relevant Issuer and relevant Dealer except for Book Entry Notes, which may only be issued in Euro, U.S. dollars, Sterling, Japanese yen, Swiss francs, Australian Dollars and Canadian Dollars.
Certain Restrictions:	Each issue of Notes denominated in a currency to which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale and Transfer Restrictions*") including, but not limited to the following restrictions applicable at the present date. Notes issued by BCP Finance with a maturity of less than one year will, if proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits under section 19 of the Financial Services and Markets Act 2000 unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale and Transfer Restrictions – United Kingdom*".
Maturities:	Such maturities agreed between the relevant Issuer and relevant Dealer and as indicated in the applicable Final Terms, subject to such minimum or maximum maturities allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer and the Bank (when the Notes benefit from the Guarantee) or the relevant Specified Currency.
Form of Notes:	Notes will be issued in bearer form and/or registered form and/or book entry form as described in "*Form of the Notes*" and as indicated in the applicable Final Terms. Bearer Notes will be exchangeable for Registered Notes in accordance with Condition 12(a). Registered Notes will not be exchangeable for Bearer Notes. Book Entry Notes will be integrated in and held through Interbolsa in dematerialised form.
Fixed Rate Notes:	Fixed interest will be payable on such date(s) agreed between the relevant Issuer and relevant Dealer and will be calculated on the basis of such Day Count Fraction agreed between the relevant Issuer and relevant Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined on: (i) the same basis as the floating rate under a notional interest-rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc. and amended and updated at the Issue Date of the first Tranche of the Notes of the relevant Series); (ii) the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or (iii) such other basis agreed between the relevant Issuer and relevant Dealer (in each case as indicated in the applicable Final Terms). The Margin (if any) relating to such floating rate will be agreed between the relevant Issuer and relevant Dealer for each series of Floating Rate Notes.

Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes or in respect of interest in the case of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the relevant Issuer and relevant Dealer may agree (as indicated in the applicable Final Terms).
Other Provisions in Relation to Floating Rate Notes and Index Linked Interest Notes:	Interest on Floating Rate Notes and Index Linked Interest Notes in respect of each Interest Period, as agreed prior to issue by the relevant Issuer and relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, agreed between the relevant Issuer and relevant Dealer (as indicated in the applicable Final Terms). Floating Rate Notes and Index Linked Interest Notes may also have a maximum or minimum interest rate, or both.
Dual Currency Notes:	Payments (in respect of principal or interest at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the relevant Issuer and relevant Dealer may agree (as indicated in the applicable Final Terms).
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Redemption:	The Final Terms relating to each Tranche of Notes will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the relevant Issuer and/or the Noteholders upon giving not less than 5 nor more than 60 days' irrevocable notice (or such other notice period (if any) as indicated in the applicable Final Terms) to the Noteholders or the relevant Issuer and fulfilment of the remaining conditions set forth in Condition 7 on a date or dates specified before such stated maturity and at a price or prices and on such terms as are indicated in the applicable Final Terms. Any early redemption of a Subordinated Note (other than following an Event of Default) will be subject to the prior consent of the Bank of Portugal.
Substitution:	The Trustee, the relevant Issuer and the Bank (when the Notes benefit from the Guarantee) may agree to substitution of the relevant Issuer as principal debtor in respect of the Note, subject to fulfilment of certain conditions, as set out in Condition 18 and the Trust Deed.
Denomination of Notes:	Notes will be issued in such denominations agreed between the relevant Issuer and relevant Dealer and as indicated in the applicable Final Terms save that: (i) the minimum denomination of each Note will be such amount allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Certain Restrictions*"; and (ii) the minimum denomination of each Note admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive will be €1,000 (or, if the Notes are denominated in a currency other than Euro, the equivalent amount in such currency).
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of any withholding taxes imposed by any Tax Jurisdiction, except as provided in Conditions 6(b) and 8. In the event that any such deduction is made, the Issuer will, except as provided in Condition 6(b) and 8, pay

additional amounts to cover the amounts so deducted. Currently, payments of interest and other revenues to be made by the Bank directly to non-Portuguese residents is subject to Portuguese withholding tax at 21.5%, 25% or 30% if the payment is made to an account held on behalf of undisclosed beneficial owners, unless they are disclosed for these purposes or, when applicable, to reduced withholding tax rates under the tax treaties entered into by Portugal. The 30% rate also applies to payments of interest and other investment income to entities that are domiciled in a country included in the Portuguese "tax havens" list. See "Taxation – Portuguese Taxation". Euroclear and Clearstream, Luxembourg do not offer any tax relief services to holders of Notes (other than Book Entry Notes) issued by the Bank. Payments of interest or other revenues to be made by the Bank thereunder will be subject to Portuguese taxation rules. Notes with a maturity of less than one year issued by the Bank may be subject to withholding tax pursuant to Portuguese tax law. In that event, all payments in respect of such Notes will be made subject to withholding with no grossing up as provided in Condition 8(xi). See "Taxation—Portuguese Taxation".

All payments in respect of the Notes will be made subject to any withholding or deduction required pursuant to FATCA, as provided in Condition 6(b)(*Payments Subject to Fiscal and Other Laws*).

Negative Pledge: The terms of the Senior Notes will contain a negative pledge provision as described in Condition 3. The terms of the Subordinated Notes will contain no negative pledge.

Cross Default: The terms of the Senior Notes will contain a cross default provision as described in Condition 10*(a)*. The terms of the Subordinated Notes will contain no cross default provision.

Status of the Notes: The Senior Notes and relative Receipts and Coupons will constitute direct, unconditional, unsecured (subject to Condition 3) and unsubordinated obligations of the relevant Issuer and will rank *pari passu* among themselves and with all present and future unsecured (subject as aforesaid) and unsubordinated obligations of the relevant Issuer, save for those that have been accorded by law preferential rights. Payments in respect of Subordinated Notes will be subordinated as described in Conditions 2(b) or (c) in the case of Subordinated Notes issued by BCP Finance and the Bank respectively.

Status of the Guarantee: Payment of the principal of, and interest on, the Notes issued by BCP Finance will, if so indicated in the applicable Final Terms, be unconditionally and irrevocably guaranteed (the "**Guarantee**") by the Bank in the Trust Deed. The obligations of the Bank under such guarantee will constitute:

(1) in the case of Senior Notes, direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the Bank and will rank *pari passu* with all present and future unsecured (subject as aforesaid) and unsubordinated obligations (including those arising under deposits received in its banking business) of the Bank, save for those accorded by law preferential rights; and

(2) in the case of Subordinated Notes, direct, unconditional and unsecured obligations of the Bank but, in the event of the winding up of the Bank, (to the extent permitted by Portuguese law) subordinated in right of payment to the claims of all Senior Creditors of the Bank.

Rating:	Ratings of certain Series of Notes to be issued may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (as amended) (the CRA Regulation) will be disclosed in the Final Terms.
Listing:	Application has been made to the UK Listing Authority for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market.
Governing Law:	Subject as provided in Condition 21, the Trust Deed, the Agency Agreement, Notes, Receipts and Coupons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law, except that Clauses 2 (H) and 7 (H) of the Trust Deed (in relation to Subordinated Notes), Conditions 2(c) and 4(b) and, with respect to Book Entry Notes, the form ("*Representação formal*") and transfer of Notes, the creation of security over Notes and the Interbolsa procedures for the exercise of rights under Notes will be governed by, and construed in accordance with, Portuguese law.
Selling Restrictions:	There are specific selling restrictions in relation to the United States, the European Economic Area (including the United Kingdom and Portugal), Japan and the Cayman Islands and general selling restrictions. In connection with the offering and sale of a particular Tranche of Notes additional restrictions may be imposed which will be set out in the applicable Final Terms. See "*Subscription and Sale and Transfer Restrictions*".

RISK FACTORS

Each of BCP Finance and the Bank believes that the following factors may affect their ability to fulfil their obligations under Notes issued under the Programme. Most of these factors are contingencies that may or may not occur and neither BCP Finance nor the Bank is in a position to express a view on the likelihood of any such contingency occurring.

Each of BCP Finance and the Bank believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of BCP Finance or the Bank to pay interest or other amounts on or in connection with any Notes may occur for other reasons and neither BCP Finance nor the Bank represents that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

Factors that may affect BCP Finance's ability to fulfil its obligations under the Notes issued by it

BCP Finance is an overseas finance vehicle of the Bank and of the BCP Group. As such it raises funds to the Bank by way of intra-group loans. In the event that the Bank fails to make a payment under an intra-group loan, BCP Finance may not be able to meet its payment obligations under the issued Notes. Investors should furthermore note that not all Notes issued by BCP Finance will be guaranteed by the Bank. The applicable Final Terms will indicate whether or not the Bank is acting as guarantor for a particular Tranche of Notes. If a particular Tranche of Notes issued by BCP Finance is guaranteed the applicable Final Terms will indicate whether the guarantee is subordinated or not. Investors should note that the trading value of unguaranteed notes may be less than that for guaranteed Notes and the trading value of Notes guaranteed on a subordinated basis may be less than for those guaranteed on an unsubordinated basis.

Risks Relating to the Bank's Business

The Portuguese Republic may be subject to rating reviews by the rating agencies, with implications on the funding of the economy and on the Bank's activity

The rating agencies Standard & Poor's, Moody's, Fitch and DBRS have, on more than one occasion over recent months, downgraded the long term rating of the Portuguese Republic. All four agencies have placed the rating prospects of the Portuguese Republic in negative outlook, even after the cuts carried out, due, essentially, to the uncertainties and risks arising from the budgetary consolidation process under the Economic and Financial Assistance Programme ("**PAEF**"), the low competitiveness of the Portuguese economy abroad, the external funding difficulties and the sustainability of the public debt dynamics. The outlook of the rating agencies for the Portuguese Republic is thus dependent on the successful implementation of the measures included in the PAEF. There might be a new downgrade of the rating of the Portuguese Republic in the future, namely in the case of drastic deterioration of the public finance situation arising from weaker performance of economic activity, caused by the austerity measures adopted internally or induced by the contagion effect as a consequence of the slowdown of the activity of the main trading partners of the Portuguese economy, in particular Spain, or if these measures are perceived as insufficient or as a result of the lack of success of the process of deepening structural reforms, simplification of State administration and streamlining of the Justice system. Under these circumstances, the credit risk for the Republic will tend to increase, with negative collateral effects on the credit risk for Portuguese banks and, consequently on their profit levels. The effect of the downgrading of the rating of the Republic on the funding of Portuguese banks is mitigated since the European Central Bank ("**ECB**") has relaxed the rules relative to eligible assets for discount operations and currently assigns liquidity for longer periods of time (up to 3 years without limit of amount, with the exception of the available collateral) under the special long term refunding operations ("**LTRO**"). However, in all cases, a cut in the rating of the Republic would tend to lead to increased haircuts and a reduction of the pool of eligible assets for discount at the ECB, in particular with respect to securitisation and mortgage bonds. Hence, the inability of rapid recovery in view of the current context and compliance of the targets defined under the PAEF, added to the deepening of the recessive climate and continued difficulties in access to external funding might have an extremely negative impact on the risk of the Portuguese Republic and, consequently, on the risk premium of Portuguese banks, their funding costs, the value of the portfolio of eligible collateral at the ECB, funding capacity and net income of the Bank.

The Bank is highly sensitive to the evolution of the Portuguese economy, which is undergoing a process of far reaching reforms that might allow for some instability

The evolution of the Portuguese economy has a great impact on the Group's business, its financial situation and net income. In the current context, particular note should be made of the constraints arising from the implementation of the PAEF, the systemic effects of the European sovereign debt crisis, the agreed institutional commitments relative to the government of the Economic and Monetary Union, apart, naturally, from the evolution of the global economic and financial environment.

The financial and economic crisis which has been affecting the world economy since mid-2007 draw the growth model that had characterised the Portuguese economy since its adhesion to the single currency to a close. Over the period 1999-2011, the annual average growth rate of Gross Domestic Product ("**GDP**") was 1.0% in real terms (Source: Portuguese National Institute of Statistics (Instituto Nacional de Estatística – "INE"), March 2012) and total external debt reached 83% of GDP by the end of 2011 (Source: Banco de Portugal, March 2012). In view of the sovereign debt crisis in the euro zone and high levels of budget deficit and public debt, the concerns of international investors regarding the sustainability of public finances has substantially aggravated the funding conditions of private and public Portuguese issuers in international markets, leading to the inevitability of the request for international financial assistance submitted in April 2011 by the Portuguese government.

Economic activity resumed a downward path over 2011, as a result of the containment of public and private expenditure, the more restrictive funding conditions and increased unemployment. Economic activity, measured by real GDP, contracted by 1.6% in 2011, after a temporary acceleration in 2010 (Source: INE, March 2012), accompanied by a significant increase in the annual average unemployment rate from 10.5% in 2010 to 12.7% in 2011 (Source: INE, February 2012). The public deficit stood at 4.2% of GDP (Source: INE, March 2012), considerably lower than that agreed in the adjustment programme (5.9% of GDP) (Source: Second Review of the Memorandum of Understanding, December 2011), an outcome enabled by the use of measures of a non-recurrent nature, in particular the partial transfer of bank pension funds to Social Security. The consolidated value of the gross debt of Public Administration increased to 107.8% of GDP, compared with 93.3% for the previous year (Source: INE, March 2012). The restructuring of the balance sheets of the public sector and private economic provided for a reduction of the external imbalance, with significant improvements in the current and capital account balances, which is forecasted to continue over the next few years, in line with the final and fundamental objective of the PAEF.

The economic context appears to be particularly challenging for Portugal. The transition of additional budgetary liabilities for 2012, the persistence of major instability in international financial markets, the extreme difficulty of achieving funding from abroad under regular conditions, the process of reduction of private and public sector debt, the implementation of structural reforms in the labour product and services markets, and the pressure of higher tax burden on the real disposable income of families and companies, represent a very adverse context for economic activity, where a GDP contraction of 3.4% is forecasted for 2012 followed by stagnation in 2013, with a strong negative contribution of internal demand (Source: Banco de Portugal, March 2012). Lower economic performance cannot be excluded in view of the high level of uncertainty surrounding the success and enforcement of the structural adjustment and risk of more significant slowdown of external demand.

Consequently, the economic activity in the main countries receiving Portuguese exports is extremely important to the evolution of the Portuguese economy and achievement of the objectives of the PAEF. The existence of a more unfavourable external context, in particular in the main trading partners of Portugal, which increases the risk of recession in the EU, might exacerbate the economic and financial crisis currently being experienced in Portugal. In spite of the good performance shown by Portuguese exports over the last few years at various levels - resilience, market shares, market diversification and higher technological incorporation - a less favourable contribution from abroad towards the growth of the Portuguese economy cannot be excluded over the next coming years, in view of certain constraints, derived, among other factors, from the excessive levels of debt that are also present in most European economies, the lower effectiveness of the transmission of monetary policy in a context of interest rates close to zero, and the persistence of a climate of uncertainty and speculation inhibiting the creation of value, which would have resulted from a full exercise of economic integration. The efforts and gains derived from the diversification of exports to markets outside the European Community, namely to countries in Africa and Latin America, may become less profitable if competition intensifies or due to the adoption of protectionist policies.

The adverse macroeconomic conditions in Portugal have significantly affected, and will continue to affect, the behaviour and financial situation of the Bank's customers and, therefore, the demand and supply of the products and services offered by the Bank. In particular, constrained growth of loans is expected for the following years, hindering the creation of revenue supporting net interest income. The unemployment, reduction of business profitability and increased insolvency of companies and/or households has and will continue to negatively influence the customers' capacity to repay loans and, consequently, might increase non performing loans, which stand already at historically high levels, reflecting a deterioration of the quality of the Bank's assets. Any other significant deterioration of global economic conditions, including the credit profile of other countries of the EU, or the solvency of Portuguese or international banks, or changes in the euro zone, may lead to concerns relating to the capacity of the Portuguese Republic to meet its funding needs. This possible deterioration would:

– have direct impact on the value of the Bank's portfolio of public debt bonds (as at 31 December 2011, the Bank's investments reached approximately 4.706 billion euros in Portuguese public debt bonds and Euro 0.262 billion in Greek public debt bonds, representing approximately 74% of its portfolio of public debt bonds. Any permanent reduction of the value of Public Debt Bonds would be reflected in the Bank's equity position;

– strongly affect the Bank's capacity to increase and/or generate capital and observe the regulatory minimum capital requirements;

– strongly limit the Bank's capacity to obtain liquidity; and

– negatively affect the Bank's capital positions, net operating income and financial condition.

The PAEF covers an important portion of the funding needs of the Portuguese Republic for the period 2011-2014 but assumes the adoption of structural reforms, does not satisfy the funding needs of the private sector and is subject to significant risks

On 5 May 2011, the Portuguese Government, with the support of the main political parties, announced that it had reached a memorandum of understanding with the International Monetary Fund ("**IMF**") and European Union in relation to an Economic and Financial Assistance Programme. The PAEF includes important financial assistance to Portugal, up to 78 Euro billion for the period 2011-2014. This assistance is distributed between the Euro 26 billion provided by the IMF, under the "Extended Fund Facility", with a variable interest rate indexed to the Special Drawing Rights, and the remaining Euro 52 billion financed by the European Union and respective financial stabilisation mechanisms. The Programme was approved by the European Commission on 10 May 2011 and by the Ministers of Finance of the countries of the European Union on 16 May 2011. The availability of the entirety of the financing is conditional on Portugal's compliance with a series of budgetary targets and structural measures, whose pursuit will be controlled on a quarterly basis by the European Union and IMF during the enforcement of the Programme. By the end of 2011, the level of compliance with the scheduled targets had enabled Portugal to receive Euro 35.9 billion of external assistance.

The objectives of the Programme focus on the permanent reduction of the funding needs of the Portuguese economy, through a path of sustained growth and a context of financial stability, so as to enable the return to regular funding in international financial markets. The Programme is based on three fundamental pillars: structural reforms promoting potential growth, budgetary consolidation and stabilisation of the financial sector.

a) Structural reforms: the reforms seek to increase the competitiveness of the Portuguese economy and its potential growth through legal, regulatory and procedural changes in terms of the labour, goods and services markets, real estate lease market and legal system. Although acting on constraints and distortions of a structural nature in the Portuguese economy, the degree of success of the reforms is uncertain and will only materialize over the long term, depending on the interaction of a multiplicity of endogenous and exogenous factors, where their immediate impact might be adverse, due to the change of regime it implies thus affecting the scenario in which the Bank's business is developed;

b) Budgetary consolidation: the Portuguese Government has undertaken to implement a series of measures to reduce expenditure and increase revenue with the goal of progressively driving the public deficit to a sustained value below 3.0% of GDP as of 2013. Furthermore, the Programme seeks to reduce the ratio of public debt to GDP in a sustained manner, maintain budgetary consolidation so as to achieve budgetary equilibrium in the medium term, with greater support from lower expenditure, and

strengthen competitiveness through the recomposition of the tax burden with a neutral effect on revenue. The consolidation path implies, over the first years of implementation of the Programme, a significant increase in the tax burden on companies and families, and heavy restrictions on public expenditure, current and investment, acting as a strongly restrictive factor on economic activity, company profitability and the financial conditions of families, which are all important variables in the definition and evolution of the banking business. Moreover, it cannot be excluded that additional budgetary consolidation measures might be necessary, namely derived from the adverse macroeconomic conditions, social expenditure and assumption of contingent liabilities, such as costs arising from renegotiation of public-private partnerships or reclassification of public companies, with repercussions on private and public expenditure and an uncertain effect on public order. The implementation of these measures may face considerable resistance by unions and citizens, which might undercut the capacity of the Government to maintain the reformist dynamics in the future.

c) Financial stabilisation: the programme establishes a deleveraging process together with the strengthening of bank solvency, both associated to quantitative and scheduled targets (loans-to-deposits ratio of 120% in 2014 and Core Tier I ratio of 10% by the end of 2012), and improvement of the mechanisms for early intervention and resolution of institutions which show significant imbalances and represent systemic risk. These goals directly constrain the Bank's activity in the lending and allocation of the available funds, demand capacity to raise stable funding and impact the net interest income.

The Adjustment Programme constitutes an important focus point for the evolution of the expectations of economic agents, with direct repercussion on economic activity, market behaviour and business conditions faced by the Bank

During the implementation of the Programme, tensions related to Portuguese public finances or the negative effect of contagion of events abroad may continue to affect the liquidity and profitability of the financial system in Portugal, resulting, namely, in the reduction of the market value of Portuguese sovereign bonds; liquidity restrictions in the Portuguese banking system and persistent dependence on institutional external funding; increased competition for the customer deposits and, consequently, of their respective cost; limitation of loan concession to customers; and deterioration of the quality of the loan portfolio.

The successful implementation of the Programme does not guarantee, in itself, that the Portuguese economy will evolve to a standard of sustained and robust growth which will enable easing the financial constraints of the country and boost the conditions for direct foreign investment; does not provide immunity from negative impacts from abroad, related to the evolution of worldwide economic conditions, including the credit profile of other countries of the European Union, the credit-worthiness of business partners, financial or otherwise, or with repercussions arising from changes to the European institutional framework, which might contribute to the permanence or enhancement of investor fears regarding Portugal's capacity to honour its financial commitments.

In contrast, any failure to comply with the objectives and performance criteria that were agreed in the Programme might justify the early cancellation of the external financial assistance, and, consequently the country's inability to meet its financial commitments, leading to a possible credit event of sovereign debt,which would have very negative repercussions, both immediate and in the long term, on the economic activity and, in particular, on the financial system and the Bank.

The sovereign debt crisis of the euro zone has constituted, and may persist, a source of turbulence for the markets and evolution of economic activity, in general, with impact in the Bank's activity, and has also contributed to some political instability and tensions in relations between countries

The financial crisis of 2007/2008 exacerbated the budgetary imbalances of various European countries due to the need for additional government intervention to support economic activity and stabilise the financial systems. The response to the crisis has assumed a transversal dimension affecting various areas - relations and cooperation between member states, reformulation of supervisory mechanisms, common fiscal measures, regulation of the financial system, mechanisms of emergency financial support to member states, and adoption of exceptional mechanisms concerning monetary policy. In a certain way, these reforms constitute a profound review of the operating regime of the Monetary Union, whose solutions have not always been consensual or given rise to the intended outcomes.

Accordingly, in spite of the recent agreements signed with the European Union and the Economic and Monetary Union, in particular, the intergovernmental agreement on fiscal stability, the revised plan of financial

assistance to Greece and the additional use of unconventional monetary policy measures, uncertainties still remain as to the resolution of the sovereign debt crisis and stability of the Euro, negatively affecting the underlying economic and financial environment faced by the Portuguese economy.

Special reference should also be made to the evolution of the Spanish and Italian economies, due to their direct relevance in the commercial behaviour and financial exposure to Portugal and indirectly by virtue of the confidence climate of the euro zone markets; and the electoral processes in France and Greece which took place in the first half of 2012 and which will take place in Germany in 2013, in the event that the respective results determine changes in the political path pursued hitherto. In particular with regards to Greece, centre-right New Democracy (ND) party won the second general elections held on June 17, 2012 and began talks to build a coalition government. A new coalition government was formed on 20th June 2012. The coalition will have a specific mandate to complete a modified fiscal and structural reform programme. The success of pro-euro parties in Greece means that although the risk of the Euro exit has decreased somewhat the uncertainty regarding the Greek environment and reformulation of the economic and financial stability programme remains. The impact of Greece's eventual departure from the Euro Zone has unpredictable consequences and could result in catastrophic effects for the Portuguese banking system, including the Bank, which under pressure of the risk of transfer of funds/deposits abroad as a result of the deterioration of the confidence levels. Additionally, it would still translate into pressure on the conditions and financing costs of Portuguese banks, particularly in respect of deposits, impacting on the net interest margin and the results of the Bank.

The strengthening of the monitoring mechanisms and settlement of fundamental macroeconomic imbalances in the European Union, institutes an unilateral and innovative but stringent regulatory and supervisory framework regarding the options for economic policy, but in the short term may constrain the economic environment, with negative consequences for banking activity.

The heads of state and government of the European Union agreed (not unanimously) at the summit of December 2011 to strengthen the governing mechanisms of the European Union, through intergovernmental agreements, establishing, amongst other measures, the reinforcement of the early budget control mechanisms and subjection of member states to new budgetary rules. The new rules, which must be approved by each member state, stipulate the limit of 0.5% of structural public deficit and the compulsory path of convergence of public debt to figures below 60% of GDP at a rate of 1/20 of the difference per year. These are demanding objectives which determine, in the case of Portugal, the extension of the period of strong budgetary discipline and respective effects of limiting the capacity to stimulate economic growth through expenditure or mitigation of the tax burden, with adverse consequences on the Bank's capacity to generate profit.

Concerning specific government support to the financial systems of the member states, uncertainty remains as to the ability to maintain or strengthen government support in order to ensure the solvency of various banks, and regarding the need to reorganise the structure of the banking system in accordance with the constraints implied by the scarcity of regular funding, weakness of the balance sheet structure and prevalence of risks to asset quality. These conditions may act unfavourably on the price of assets, riskiness of counterparties, including sovereign states, pressure on the cost of funding, changes in the competition structure of the market and availability of loans.

The funding capacity and conditions of the Portuguese economy, public and private entities, constitute an uncertainty factor over the medium term and may negatively affect the evolution of the economic activity and financial conditions of the Bank's customers and, consequently, have repercussions on the development of the business, profitability and solvency of the Bank

The economic and financial adjustment programme agreed between Portugal and the joint mission of the European Union ("EU") and IMF foresees the institutional funding for a significant portion of the public financing needs over the programme's duration period and institutes exceptional financing and recapitalisation mechanisms for financial institutions.

However, the adjustment programme indicates, as important assumptions, autonomy in the refunding of short term public debt and the gradual and medium term return to markets by both private and public entities. Furthermore, the perception of the risk is not exclusive of financial markets, but is also implicit in the various contractual conditions and commercial practices observed in normal relations between resident and non-resident companies.

Consequently, and notwithstanding the financial assistance framework, the evolution of overall financial conditions, in particular those practised in markets of the euro zone, are not irrelevant for the Portuguese

economy: they exercise a direct influence on the cost of short term debt and indirectly through the evolution of the expectations of economic agents relating to the success of the Portuguese economic adjustment programme, with repercussions on the development of the business climate.

Hence, the Portuguese economy and its financial system are vulnerable to the effects arising from the settlements adopted at an institutional level in relation to the problem of the euro sovereign crisis or, in the other hand, to the volatility in the financial markets arising from the absence of such agreements.

The persistence of adverse financing conditions, or the possibility of further aggravation, increases the degree of difficulty of the current economic and financial adjustment process, hindering the evolution of banking business and, consequently, the profitability and solvency of national financial institutions.

The Bank faces exposure to macroeconomic risks in its international business, namely in Poland, Greece, Mozambique, Angola and Romania

The Net Income of international operations was Euro 122.7 million, compared with the net income of Euro -848.6 million for the Group as a whole, for the year ended 31 December 2011. Considering the operations individually, the respective Net Income was, at the same date, Euro 113.3 million for Poland (of which Euro 74.2 million were imputable to the Group), Euro -3.5 million for Greece, Euro 89.4 million for Mozambique (of which Euro 59.6 million were imputable to the Group), Euro 33.3 million for Angola (of which Euro 17.6 million were imputable to the Group) and Euro -17.8 million for Romania.

Up to 2009, the economies of Greece, Poland and Romania showed strong growth rates of GDP, arising from their respective processes of European integration, benefiting, in particular, from high foreign investment inflows and from the opportunities deriving from the use of European funds. The worldwide financial crisis, the correction of specific sectorial bubbles, such as in the housing sector, and the excessive public debt have led to a profound change of economic circumstances with very significant and persistent effects.

In 2011, GDP in Poland increased in real terms by 4.3% (Source: National Bank of Poland, March 2012) supported by internal demand, namely investment spending, the buoyancy of private consumption and acceleration of the production cycle. The official forecasts suggest the maintenance of a still relatively robust growth but subject to a series of risks which are more likely to materialise over 2012. Forecasts indicate a GDP annual average growth of 2.7% for the two year period 2012-2013 (Source: National Bank of Poland, March 2012). Amongst these risk factors, the following stand out: the external context, with the sequential downward review of the growth of the Economic Union, maintrading partner of Poland, being able to constrain activity through exports and indirect effects on the expectations of agents and public accounts; the foreign exchange rate evolution, in particular in case of intensification of the instability scenario in the markets and relating to the Polish zloty/Swiss franc exchange rate where the exposure to foreign currency is concentrated, with indirect repercussions on the financial conditions of customers and directly through the Bank's results from financial operations; the depletion of the temporary dynamics associated to the holding of the European football championship in 2012; and budgetary policy, in view of the need to reduce the public deficit to figures below 3% for 2012 (slightly below 5.6% in 2011) (Source: European Commission, November 2011), in particular if this were to take place in a lower growth environment. Therefore, in the longer term, a more adverse context may develop in terms of turnover, asset quality and higher tax costs on banking activity.

In Greece, the intensive process of budgetary consolidation in progress in order to correct the excessive public debt and implemented under a plan negotiated with the European partners and IMF, should continue to negatively influence economic activity, where recessive conditions are expected to persist during 2012 (GDP contraction of 6.9% in 2011 and 4.8% in 2012) (Source: IMF, March 2012). Unemployment has increased significantly over the last few years, it being estimated that it will stabilise at close to 20% in 2012 and 2013 (Source: IMF, March 2012) and that families will face more restrictive financial conditions. Simultaneously, the economic framework is under deep restructuring, with greater sectorial liberalisation and reduction of the weight of the public sector and related activities. In this context, cases may emerge of discontinuation of certain economic activities that might entice to social unrest, as has been the case in the recent past, with negative consequences for the regular evolution of banking activity, implying increased operating costs, uncertainty on the stability of funds and disruptions in loans.

In Greece, a transitional government remained in office until a new government is formed, after the elections held on May 6, 2012. The main duty of this transitional government, a coalition of the three main political

parties of Greece, was the negotiation and reformulation of the economic and financial stability programme, determinant for the attribution of funds to Greece by the IMF and European institutions. Clearly the situation in Greece after the elections held on May 6, 2012 is very complex and polarized, with several parties against the continuation in the Euro Area, after its centre-right leader failed to win left-wing support to form a "national salvation government" after the inconclusive outcome at the polls. On May 15, it was announced that Greece will hold a new election after politicians failed to form a government following an inconclusive vote, prolonging a political crisis that pushes it closer to bankruptcy and exit from the euro. A caretaker government was formed on May 16 which will lead the country to new polls in mid June 2012.

The non-sustainability of the debt level and vicious cycle that its correction via budgetary austerity would exert on the standards of living of Greek citizens implied the absolute need for the renegotiation of the Greek public debt with its creditors, in order to substantially reduce future funding needs and restore greater sustainability and credibility to the financial and economic adjustment programme. This effort, of a truly exceptional nature, is not risk free, considering that, even after the debt restructuring programme, the debt levels remain high and a path of return to a more sustainable condition requires an extremely strict budgetary austerity programme, in a much more favourable context of growth and stability of the financial markets than is the current case, and the full implementation of a privatisation programme itself subject to a significant degree of uncertainty. Whether through the Bank's direct exposure by virtue of its banking operation on the Greek market or through the repercussions in the euro zone and countries under adjustment programmes, the political and economic developments in Greece might have an important impact on the Bank's activity and profitability.

In 2011, GDP in Romania expanded in real terms by 2.5% (Source: National Bank of Romania, March 2012), representing a positive outcome for the multilateral financial assistance programme originally negotiated in 2009 and renewed in 2011. The following constitute some relevant risks: the recomposition of the balance sheet of families and reduction of debt levels; contagion effects derived from the sovereign debt crisis in Europe, enhanced by the instability and institutional uncertainty which has affected Hungary; the sustainability of short term financial flows of the Romanian economy; and the commitment of the authorities in the pursuit of the agreed budgetary targets and measures and, consequently, to the scenario of recovery in the long term.

Angola and Mozambique have been particularly noteworthy due to their strong and sustained growth over the past few years and adoption of economic policies targeting the reduction of inflation, sustainability of economic activity, and diversification of productive potential. According to the preliminary national accounts, Mozambique's GDP recorded a real annual average growth rate of 7.1% in 2012, showing a trend of strong intra-annual recovery, largely determined by the acceleration of mining industry, which grew by 36% in the fourth quarter, year-on-year (Source: INE, March 2012). GDP expanded by 3.4% in Angola during 2011 with approximately 47% of GDP being derived from the oil sector, representing, even so, a figure about 10 p.p. lower than that recorded in 2006. In fact, while the oil sector contracted by 5.6% in 2011, the non-oil sector grew by approximately 9.0% (Source: Banco Nacional de Angola, January 2012). In their current state of development, these countries still show a non-negligible dependence of economic growth on a relatively limited group of sectors, associated with natural resources such as oil (Angola) and aluminium (Mozambique), which are subject to some vulnerability to specific shocks in these markets and, consequently, upholds the persistence and dimension of policies of incentives to sectorial diversification and social nature. The climate of optimism, abundant liquidity and expansion of geographical coverage and offering of banking products and services that has prevailed over the recent years, in a context of the early development of financial systems, models and control mechanisms, may have implications for the level of asset quality of the customer base, with consequences for the level of solvency and perceived safety of the banking system. The incomplete provisioning of better terms of social conditions, albeit with a notable improvement in recent years, represent a factor which might lead to social instability, namely when drawing close to important political events, in detriment of the development of regular banking activity, which might have an adverse effect on the Bank's business activity, financial condition or results.

In February 2009, Banco Comercial Português, S.A. carried out financial transactions relating to the strategic partnership agreements established with Sonangol - Sociedade Nacional de Combustíveis de Angola, Empresa Pública ("**Sonangol**") and Banco Privado Atlântico, S.A. ("**BPA**"), having carried out a share capital increase of Banco Millennium Angola ("**BMA**") in the amount of USD 105,752,496.80, and reduced its stake in BMA to 52.7%. In April 2012, the Bank reduced its stake in BMA to 50.1%, following the increase in BMA share capital, which was fully subscribed by Global Pactum - Gestão de Activos (main shareholder of BPA), in line with the partnership agreement entered into with Sonangol and BPA. Following this partnership agreement, BMA accelerated its business plan, through investment in the expansion of its network of branches (63

branches as at 31 March 2012; target of 100 branches) and creation of over 1,000 jobs by 2012 (932 employees as at 31 March 2012). It is not possible to predict in advance the success of the Group's expansion in Angola.

The Bank may face difficulties in its international strategy

The Group has operations in international markets, which are exposed to risks arising from any adverse developments at a political, governmental and economic level. The Bank maintains operations in markets integrated in the European Union which have not yet joined the Euro, namely Poland and Romania.

Some of the Group's international operations are also directly or indirectly exposed to exchange rate risk, which could adversely affect the Group's results. Any devaluation of these currencies vis-à-vis the euro could have a negative impact on the Group's business activity, financial condition and results. Any devaluation of these currencies could have a negative impact on the Group's consolidated results. In the case of Romania, and since the operation has not yet reached its break-even point, the impact would be in the opposite direction.

Moreover, the Bank's loan portfolio includes loans in foreign currency, where the losses are assumed by the customers and recorded in the profit and loss account under impairment. The use of funding in foreign currency in some countries of Eastern Europe exposes some of the Bank's customers to exchange risk, affecting the financial condition of these entities and, consequently, the net income of the Bank. Although Bank Millennium stopped granting new foreign currency loans in Poland at the end of 2008, the Bank still holds a considerable loan portfolio in foreign currency, hence the Bank's net income could be significantly affected by the need to undertake additional payments for impairment in the loan portfolio and the high cost of zloty swaps. Net income may also be adversely affected if the current expectation of the country joining the Single European Currency in the medium term does not materialise or in the event of reallocation of the portfolios of institutional investors in favour of "safe haven" assets in detriment of assets in emerging markets, in particular in a context of greater instability related to the redefinition of the European institutional framework, and which have had repercussions on the evolution of the Swiss franc, a currency which combines a significant part of the exchange rate risk to which the Bank's customers are exposed. The deterioration of the macroeconomic environment in most of the Group's international operations is also reflected in an increase in loss history and corresponding impairments. The Group can also face difficulties in implementing its strategy for its international operations, due to general constraints, such as the worsening of market conditions, adverse circumstances, competitive actions as well as specific constraints associated to possible delays in the implementation of its strategic plan. These difficulties could have a significant impact on the opening of new branches, attraction of new customers and turnover.

The Bank is exposed to Greek and Portuguese sovereign debt

Under its activity in Portugal and Greece, the Bank is exposed to the sovereign debt of both of these countries. The Bank's exposure to Portuguese and Greek sovereign debt may relate to public debt bonds held in its portfolio of financial assets held to maturity, in its trading portfolio and in its portfolio of financial assets available for sale. The trading portfolio and portfolios of assets available for sale are measured at fair value. The changes in fair value are stated against fair value reserves until they are sold or when there are signs of impairment. On disposal, the accumulated gains or losses accounted for as reserves are recognised as income. Any depreciation in the value of the Group's trading portfolio and portfolio of assets available for sale of sovereign debt bonds could have negative repercussions on its financial condition and results. In turn, the financial assets held to maturity are initially recognised at fair value and subsequently measured at amortised cost. Impairment losses are recognised as income. As at 31 December 2011, the Group's exposure to Portuguese sovereign debt was Euro 4.706 billion, exposure to Greek sovereign debt was Euro 0.262 billion (net of impairment), exposure to Irish sovereign debt was Euro 0.211 billion, exposure to Italian sovereign debt was Euro 0.05 billion and exposure to Spanish sovereign debt was Euro 0.005 billion, amongst which Euro 4.284 billion was recorded under the portfolio of financial assets held for trading and available for sale, Euro 2.561 billion under the portfolio of financial assets held to maturity.

The compulsory deduction of capital losses on public debt from own funds would create an adverse impact on the Bank's capital ratios, creating greater difficulties in compliance with the additional and temporary requirements established by the supervisory entities of achieving a solvency ratio (Core Tier I, calculated pursuant to the criteria stipulated by the EBA) of 9% by June 2012, and 10% (calculated pursuant to the criteria stipulated by Banco de Portugal) by December 2012 (as at 31 December 2011, this ratio, calculated pursuant to the criteria of Banco de Portugal, reached 9.41%), leading to the process of additional strengthening of the Bank's own funds that is currently being implemented.

Impact on capital of the deterioration of the Greek financial situation

There is a high risk of sovereign default by Greece, which would be reflected in an additional significant increase in spreads and adverse contagion effects, as well as the risk of the assistance provided by the international institutions not being effective, added to domestic social and political tensions. By the end of 2011, the Bank recognised a write-down of the entirety of the goodwill, of the value of Euro 294.3 million associated to the acquisition of Millennium bank in Greece; hence the current risk factors are related to the business risk of the operation and level of support which will be required from the parent company. As at 31 December 2011, the risk weighted assets (RWA) of Millennium bank in Greece reached a total of Euro 4.4 billion and represented 7.96% of the total RWA of the Group. Consequently, the continued recession or economic deterioration of the financial situation in Greece or a deterioration of the prospects relative to the performance and financial situation of Millennium bank in Greece could lead to additional impairment in the Group's consolidated accounts, arising from the deterioration of the quality of the assets held by Millennium bank in Greece. The deterioration of the Greek situation could hinder the evolution of net interest income, in a context of lower activity levels (less loans granted and reduction of the deposit base), which, combined with increased loan default, could result in even more negative net income. As a result of the deterioration of the economic situation in Greece, Millennium bank loans overdue more than 90 days stood at 6.7% of gross loans as at 31 December 2011. In view of a very demanding economic and financial context and subject to high uncertainty, the unfavourable evolution of non-performing loans might continue and compromise the results of Millennium bank in Greece, and consequently the Group's consolidated results and its position in terms of capital. During the first half of 2012, there has been an erosion of the level of deposits in the Greek banking market, which represents the continuation of the trend observed in 2011, with more emphasis in the second half of the year. Although Millennium bank in Greece intends to rely on official recapitalization lines established in Greece, there is no certainty that access to those will be obtained. Additionally, the pricing effort required to avoid a greater fleeing of deposits from the Greek banking system strongly affects the evolution of net interest income and the bank's results.

In Greece, a transitional government remained in office until a new government is formed, after the elections held on May 6, 2012. The main duty of this transitional government, a coalition of the three main political parties of Greece, was the negotiation and reformulation of the economic and financial stability programme, determinant for the attribution of funds to Greece by the IMF and European institutions. Clearly the situation in Greece after the elections held on May 6, 2012 was very complex and polarized, with several parties against the continuation in the Euro Area, after its centre-right leader failed to win left-wing support to form a "national salvation government" after the inconclusive outcome at the polls. On May 15, it was announced that Greece would hold a new election after politicians failed to form a government following an inconclusive vote, prolonging a political crisis that pushed it closer to bankruptcy and exit from the euro. A caretaker government was formed on May 16 which led the country to new polls in mid June. Greece's centre-right New Democracy (ND) party won the second general elections held on June 17, 2012 and began talks to build a coalition government. A new coalition government was formed on 20th June 2012. The coalition will have a specific mandate to complete a modified fiscal and structural reform programme. The success of pro-euro parties in Greece means that although the risk of the Euro exit has decreased somewhat the uncertainty regarding the Greek environment and reformulation of the economic and financial stability programme remains.

Depreciation of real estate assets

Millennium bcp is highly exposed to the Portuguese real estate market, both directly through assets related to its operations or obtained in lieu of payment, and indirectly through properties guaranteeing loans or through funding of real estate promotion projects (assets received in lieu of payment in Portugal represented 1.1% of total assets as at 31 December 2011 and direct exposure to the real estate sector, composed of loans granted to construction companies, real estate activities and mortgage loans, represented 57% of the consolidated loan portfolio as at 31 December 2011). This fact makes the Bank vulnerable to a depression in the real estate market. A significant devaluation of prices in the Portuguese real estate market would lead to impairment losses in the assets held directly, lower coverage of exposure to loans guaranteed by real estate collateral and in the pension fund, adversely affecting the Bank's financial condition and results.

Exception regime for the protection of mortgage lenders in serious economic failure

Following the current economic and financial crisis and as a consequence thereof, there has been an increase in non performing loans, being the most sensitive in the area of mortgage loans because of the social and human issues that underlie it.

In this context, some political parties have already presented some legislative initiatives and it is expected that others will arise as well as actions of self-regulation for the presentation of measures for restructuring of debts arising from loans to finance the acquisition or edification of own permanent housing. Although some banks have already unilaterally adopted several actions in this regard, it is likely that measures will be envisaged for the entire Portuguese banking system.

The implementation of any such legislative, regulatory or self-regulatory initiatives may lead to limitations to the level of spreads and commissions charged, as well as to an increase in Bank's credit impairments, whose impact will arise from the amplitude of the criterion' scope of access to an exception regime that may come to be adopted, as well as from the possibility that any such rules allow that, in some cases, the financial institutions be obliged to accept the repossession of assets as a way to settle clients' debts.

Terrorist attacks or a pandemic could have disruptive effects on business volumes and debtor performance, adversely affecting the Bank's income, credit quality and, consequently, the overall financial condition of the Bank

Although the probability, time, place and degree of disturbance of an event of this nature are very difficult to assess, a terrorist attack or a pandemic could cause significant disruptions to economic activity, increase economic uncertainty and reduce economic confidence. The occurrence of either of these events could adversely affect the Bank's business activity, financial condition and results of operations.

A material decline in global capital markets could adversely affect the activity, results and value of strategic investments of the Bank, as well as the value of assets included in the portfolio of the Group Pension Fund

Investments returns are an important part of the Bank's overall profitability, particularly in relation to its asset management business carried out by Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A., life insurance business carried out by the Millenniumbcp Ageas joint venture, and investment banking business.

The uncertainty regarding the duration of the current international financial crisis will continue to penalise the evolution of the capital markets and maintain or aggravate the already high risk aversion, reflected in the existence of market risk related to the evolution of stock prices, penalising the evolution of fees on stock exchange and asset management operations, the results of financial operations and other income and, also the value of financial holdings and securities portfolios.

In particular, a heavy depreciation in global capital markets could affect sales of some of the Bank's products and services, such as unit-linked products, capitalisation insurance, real estate investment funds, asset management services, brokerage, primary market issues and investment banking transactions, and significantly reduce the fees related to them, as well as adversely affect the Bank's business, financial condition and results of operations. As a minority shareholder of Millennium bcp Ageas, there is a risk of the Bank being called up to inject capital into this company if the solvency ratio of the company falls below a certain predefined level, for example, as a result of insurance product derivative bonds with guaranteed minimum levels of return. Furthermore, the constant and prolonged fluctuation of stock market prices or extended volatility or turbulence of markets could lead to the withdrawal of funds from markets by investors, which would be reflected in lower investment rates, or in the early redemption of life policies, which could negatively influence the placement of the Group's investment products, including some categories of life insurance, resulting in decreased own funds of the Bank. Therefore, a decline in the capital markets in general could adversely affect the Bank's results, financial conditions and future prospects.

As at 31 December 2011, the equity portfolio of the Group, including the investments in associated companies, reached Euro 587.4 million, which corresponds to 0.6% of the Group's total assets. Any depreciation in the value of portfolio investments could adversely impact its financial condition and results. A fall in stock and debt markets would also have an impact in terms of the quality of the assets due to the lower value of the collateral of various loans granted, based on this kind of guarantee, leading to the reduction in coverage ratios (as at 31 December 2011, 6.5% of the loan portfolio had financial assets as collateral).

Finally, the value of the assets included in the portfolio of the Group Pension Fund is also dependent on the future performance of the capital markets. A sharp decline in capital markets could cause the value of the assets in the portfolio to become insufficient to cover the liabilities assumed by the Pension Fund, thus negatively affecting the Bank's capital ratios and results.

The depreciation of the value of financial collateral, risk premium associated to operations in different markets and yields of pension funds might also negatively affect the Bank's results and solvency ratios. The uncertainty of the opening of the capital markets to the national banking system, to return to being a source of funding of the sector, will contribute to increased pressure on the balance sheet deleveraging process and maintenance of excessive dependence on funding from the ECB.

The continued deterioration of global economic conditions, including the credit profile of other countries of the European Union, or credit-worthiness of Portuguese or international banks and changes in the euro zone, may exacerbate concerns regarding the ability of the Portuguese Republic to meet its funding needs. Indeed, the high level of uncertainty relative to the macroeconomic environment, the possible inability of the Portuguese Republic to meet the commitments assumed under the Economic and Financial Assistance Programme, which, combined with the non-opening of the capital/debt markets, might lead to the need for additional external assistance. This scenario, of increased risk and uncertainty, will exert pressure on the Bank to seek alternative funding sources, as well as the need to accelerate/review its Capital and Liquidity Plan and add new eligible assets to its pool of assets eligible for discount at the ECB.

Apart from Portugal, the European Union, ECB and IMF have prepared assistance packages for other European countries affected by the unfavourable economic situation (Greece and Ireland). BCP cannot predict the degree of success of the Programme, or other assistance programmes, their effects on the single currency, European Union or business of the Bank, arising from the cash-flow operations and financial situation. Under these terms, the uncertainties derived from the Portuguese economic-financial crisis and implementation of the Programme, and respective reaction by the market, have and will continue to have an adverse material effect on BCP business, its results and financial condition.

The turbulence in the main financial markets, more specifically the interbank and debt markets, could affect the Bank's liquidity position and its ability to increase loan volumes

Since the second half of 2007, the turbulence which has characterised global credit markets, together with the repricing of credit risk and deterioration of real estate markets, in particular in the United States, have contributed to a growing worsening of the conditions in the financial markets and have had a negative impact on investors' confidence. This has negatively affected the interbank markets and debt issues in terms of volumes, maturities and credit spreads. Among the sectors of the global credit markets which have faced greatest difficulties due to the current crisis are those related to sub-prime mortgage backed securities, asset backed securities, collateralised debt obligations, leveraged finance and complex structured securities. These conditions have resulted in historic volatility, less or no liquidity, widening of credit spreads and lack of price transparency in certain markets.

These conditions have resulted in the bankruptcy of a large number of financial institutions in the United States and Europe and in the unprecedented action by government authorities, regulators and central banks all over the world. It is difficult to predict how long these conditions will remain and how the Bank's investments and markets will be affected.

In particular, Portuguese banks are currently facing a situation of serious inability of obtaining financing on wholesale funding markets and high dependency on funding received from the ECB. Government expectations, in line with the Economic and Financial Assistance Programme, are that, until 2013, access of the national banking system to whole funding markets will be rather limited. It is expected that as of 2013, and assuming compliance with the targets of the Adjustment Programme by the Portuguese Republic, the access of the Treasury and Portuguese banks to international funding markets will improve both in terms of volume and funding cost/spreads. Otherwise, the continuation of this situation will increase pressure on the deleveraging effort and lead to excessive dependence on ECB funding.

Although the Portuguese financial system has shown great resilience since the beginning of the economic and financial crisis, having ensured the normal funding of the economy during this period, the tensions associated to the sovereign debt crisis and to the constrained access to international wholesale funding markets have exerted major restrictions on banking activity, forcing the institutions to resort to funding from the ECB and to the intensification of the attraction of funding from more stable domestic sources. In this context, the management of liquidity risk has gained increasing importance. The Group has adopted some measures through its risk management policies since 2008, which seek to mitigate the adverse impact of the unfavourable liquidity circumstances of the markets, by reducing the commercial gap (balance sheet customer loans-funds), strengthening the attraction of deposits, sale of non-strategic assets and recomposition of assets, through the increase of highly liquid assets. Under the Group's overall liquidity management strategy, there has been more

careful granting of loans and focus on the obtaining of funds with the objective of reducing the commercial gap. Medium and long term debt refunding needs for the rest of 2012 and for 2013 are estimated at Euro 0.9 billion and Euro 1.0 billion, respectively. The Bank, whenever permitted by market conditions, will obtain its funding from interbank and capital markets according to its needs.

As noted above, the ECB has been one of the sources of funding most used by the national banking system during this phase of inability to obtain funding on wholesale funding markets, reflected in high dependence on funding from the ECB, which, by the end of 2011, reached Euro 12.7 billion (net use), corresponding to 14.3% of the Bank's liabilities. By the end of 2011, Millennium bcp had a total of Euro 15.7 billion of assets eligible for discount at the ECB, of which Euro 3.0 billion are available. The reduction of the pool of eligible assets, reflecting the erosion of collateral following the rating downgrades and the increased difficulty in managing eligible assets to compensate the erosion arising from the loss of eligibility will have a negative impact in terms of liquidity, forcing a search for alternative funding sources and acceleration of the deleveraging of the Balance Sheet, which might have a negative impact on the Bank's activity, financial situation and net operating income. It is important to emphasise that the ECB has shown, especially in the last few months, greater willingness to support the European banking system, where particular note should be made of the extension, in December 2011, of the maximum period of its funding to banks to 3 years aimed at reducing the liquidity risk of the sector in the euro zone, the simplification of the rules on collateral and the reduction of minimum reserve requirements by half. These criterion might be changed in the future and consequently reduce the possibility of carrying out these funding operations.

The objective of Millennium bcp is to reduce this dependency in the short/medium term and the Bank is implementing various measures to diversify its funding sources away from the ECB, having also accelerated its deleveraging process, endeavouring to increase customer funds and reduce the granting of loans to customers, which could represent a risk of increased cost of deposits and, if this process is not accompanied simultaneously by the repricing of loans, might negatively affect the net interest income and overall results of the Bank. However, if the authorities force a faster reduction of exposure or if there are restrictions to access to ECB funding, the Bank might be forced to accelerate its Capital and Liquidity Plan, exerting pressure on profitability and on the deleveraging process. It is important to stress that, under the current context, the review of the conditions of assignment of liquidity by the ECB could lead to the Bank being forced to dispose of assets, with a potentially significant discount in relation to their respective book value, in order to comply with the Bank's liabilities, and corresponding negative impact on capital and results.

Although the Bank considers that its liquidity risk management and mitigation policies are suitable, the extension of the market circumstances and continuation of sovereign debt risk at high levels might penalise the Group's liquidity position, both through funding difficulties and as a result of the reduction of the pool of assets eligible for discount at the ECB, in addition to the funding costs of the activity and its capacity to increase its loan and asset portfolio, with negative impact on the Group's financial condition, credit quality and net operating income. These circumstances could be further aggravated by persistent volatility in the financial sector and capital markets, or due to difficulties of one or more institutions, or even their default, which could lead to significant liquidity problems in the market in general, losses and default by other institutions. Furthermore, it is not possible to predict which structural and/or regulatory changes might arise from current market circumstances or if such changes could have a negative impact on the Bank. If current market conditions continue to deteriorate, especially if for an extended period of time, this could lead to the reduction of credit availability, credit quality and increased default on debt, which could have a negative impact on the rating, business activity, financial condition and net operating income of the Bank.

The Bank's interest rate risk is historically high, making it vulnerable to increased interest rates, which might negatively affect net interest income and lead to other adverse consequences

Interest rates are highly sensitive to many factors beyond the Bank's control, including decisions of the monetary authorities and internal and international political constraints. Changes in market interest rates could affect the interest rates the Bank charges on interest-earning assets differently from those it pays on interest-bearing liabilities. This difference could reduce the Bank's net interest income. At the end of 2011, ECB announced its decision to reduce the interest rate applicable to the main refunding operations of the Eurosystem from 1.25% to 1%. A movement in the opposite direction by the ECB (increased interest rates in the Euro Zone) could increase the costs associated to debt service in Portugal and aggravate the general financial conditions if the interest rate increases do not correspond to the Portuguese financial situation. Moreover, it is expected that access to the capital markets will remain difficult in the short/medium term. Furthermore, an increase in the interest rate could reduce demand for loans and the Bank's capacity to grant

loans to customers, and also contribute to increased loan default. Conversely, a decrease in interest rates may negatively affect the Bank through, among others things, the lower average interest rate of its mortgage loan portfolio, lower net interest income from deposits, reduced demand for deposits and increased competition. As a result of these factors, significant changes or volatility in interest rates may have a material adverse impact on the Bank's business activity, financial condition or results.

The Bank may not be able to preserve its customer base

The Bank's success depends on its capacity to mantain high levels of loyalty amongst its customer base and offer of a vast range of competitive and high quality products, with excellent service standards, to its customers. In order to pursue this objective, the Bank has adopted the strategy of segmentation of its customer base, aimed at serving the various needs of each segment in the most suitable manner, and the cross-selling of its products and services through the distribution network in Portugal under the single brand "Millennium bcp". Moreover, the Bank seeks to maintain long term financial relations with its customers, through the sale of anchor products and services, namely, mortgage loans, salary domiciliation, standing transfers, credit cards and saving products. Bancassurance products are also included in the vast offer of products provided by the Bank, managed by the insurers Ocidental - Companhia Portuguesa de Seguros de Vida, S.A. ("**Ocidental Vida**"), Ocidental - Companhia Portuguesa de Seguros, S.A. ("**Ocidental**"), Médis - Companhia Portuguesa de Seguros de Saúde, S.A. ("**Medis**"), and by the pension fund holding company PensõesGere - Sociedade Gestora de Fundos de Pensões, S.A. ("**PensõesGere**"), of which the Bank is an insurance broker, all held by Millenniumbcp Ageas - Grupo Segurador, SGPS, S.A., an entity which resulted from the partnership agreement with the Ageas Group for bancassurance business in Portugal, 51% held by Ageas and 49% held by Banco Comercial Português.

The Portuguese banking market is resilient and well developed, including strong national and international competitors who follow multi product, multi channel and/or multi segment approaches. In a very adverse economic context, with pressure to deleverage balance sheets and reduce the granting of loans, many Portuguese banks are dedicated to increasing their revenue through an increase in their respective market shares and cross-selling, which has led to more aggressive commercial strategies. It is also expected that there will be an intensification of the trend of integration of financial services at a European level, which could contribute towards increased competition, especially in the areas of asset management, investment banking, online brokerage services and remote financial services. The high level of competition in the sector in Portugal and in other countries where the Bank operates implies the existence of business and strategy risk, which could lead to the loss of market share in some products and/or business segments, difficulty of adjustment of spreads to credit risk, decreased net interest income, fees and other revenue and penalise the evolution of revenue, net income and net worth.

The potential lack of success in the maintenance of the high loyalty levels of the customer base or in providing a diversified, competitive and high quality offer of products or consistently high service standards could affect the Bank's financial condition and results in an adverse manner.

The Bank is exposed to reputation risks, including those arising from rumours which affect its image and customers relations

Reputation risk is inherent to the Group's business activity. A negative opinion of the public or sector could result from real or widespread perceived practices in the banking sector, such as money laundering or the fraudulent sale of financial products, or even from the way, real or perceived, that the Group conducts its business. A negative opinion of the public or sector could adversely affect the Group's ability to maintain and attract customers and, in particular, institutional and retail depositors, whose loss could adversely affect the Group's business, financial condition and future prospects as a result, for example, of a run on deposits and the disappearance of funding sources.

The Bank has a limited number of customers who were classified as politically exposed persons pursuant to the applicable legislation. Although the Group exercises an increasingly stricter scrutiny of the transactions with politically exposed persons in order to ensure compliance with the applicable laws, the bank services provided to these individuals imply reputation risks, even when there is no breach of the law.

Labour disputes or other industrial action could disrupt Bank operations or make them more costly to run

The Group is exposed to the risk of labour disputes and other industrial action. Approximately 86% of the Group's employees in Portugal and 47% of all its employees were members of labour unions by the end of

2011 and the Group could experience strikes, work stoppages or other industrial actions in the future. Any of these actions could, possibly for a significant period of time, create problems in the Group's activity, result in increased salaries and benefits granted to employees or otherwise have a material adverse effect on the business, financial condition and results of the Bank's operations.

The Bank may have to bear additional costs, especially as regards staff costs, related to restructuring foreseen in its management priorities

Under the measures for the implementation of its strategy, the Bank might reduce, albeit gradually, the number of employees in Portugal or other countries, in particular through voluntary mechanisms, as termination by mutual agreement or, to the extent legally possible, early retirement. This could imply additional restructuring expenditure in terms of staff costs. Although the staff reductions in the past have taken place without very significant social, legal or moral damage, the Issuer cannot guarantee that these measures or any other future action relative to the reorganisation of its activities will not imply disputes, disturbance to the Bank's activity or other adverse effects on its business, financial condition and/or results.

The Bank may have difficulty in hiring and retaining qualified personnel

The Bank's ability to successfully implement its defined strategy depends, namely, on its capacity to recruit and maintain the most qualified and competent employees for each position in Portugal and other countries. Although the Group's policy on human resources is driven by the achievement of these objectives, it is not possible to guarantee that in the future there will be no limitations in this area. Inability to attract and retain the most qualified and competent employees for each position could limit or delay the implementation of the strategy, which could have a negative effect on the Bank's business activity, financial condition and results.

The Bank faces strategy risks

The Bank is exposed to strategy risk, with the possibility of inadequate strategic decisions being taken, failures in the implementation of decisions or lack of response capability in view of the evolution of market conditions, and may thus not, totally or partially, achieve the objectives presented to the market in its strategic programme. It is not possible to guarantee in advance that the Group will manage to implement its strategic agenda due to general constraints, such as the deterioration of market conditions, an adverse environment, increased competition or the actions taken by the main competitors, as well as specific constraining factors associated to possible delays or inadequacies in the implementation of its strategic program or in the efficacy and degree of implementation of the measures to resume growth and leadership in Retail Banking and attract greater value in the Companies and Corporate segments, maintain the drive to reduce costs and optimise discipline in capital and liquidity management and strengthen risk management. Furthermore, the Bank could face difficulties in the implementation of critical management measures aimed at continued repricing, optimising the recovery of banking revenues and profitability, mitigating exposure to various types of risk and increasing own funds, with a negative impact on expected efficiency levels, and compromising the defined objectives and solvency. If Millennium bcp is unable to achieve the established strategic objectives, its business activity, financial condition, results and the value of its shares may be adversely affected.

The Bank is exposed to credit risk

The Bank is exposed to the credit risk of its customers and counterparts, including risk arising from the high concentration of individual exposures of its loan portfolio. The 20 largest individual loan exposures represented, as at 31 December 2011, 9.7% of the total loan portfolio, corresponding to a relatively high value, which, together with the high credit exposure to the civil construction sector, contributes to raising exposure to credit risk. This problem is common to most of the main Portuguese banks, in view of the small size of the Portuguese market, and has been greatly noted by the rating agencies as a fundamental challenge facing the Portuguese banking system. The rating agencies have been particularly critical in relation to BCP's concentration of its exposure in larger customers and, especially, of the exposure to Shareholders, which has contributed to making the rating sensitive to the evolution of these variables. Although the Bank carries out its business based on strict risk control policies, in particular of credit risk, seeking to increase the degree of diversification of its loan portfolio, it is not possible to guarantee that the exposure to these groups will fall significantly in the short and medium term.

This exposure to credit risk could derive from trading activities, loan concession, acceptance of deposits, clearing and settlement, as well as other activities and relations. These counterparts include customers, brokers

and dealers, commercial banks, investment banks and borrowing companies. Most of these relations expose the Bank to credit risk in the event of the counterpart or customer entering into default. Furthermore, should there be any reduction in the value of assets given to guarantee loans that have been granted, or in the case of their not being sufficient to cover the exposure to derivative instruments, the Bank would be exposed to an even higher credit risk of non-collection in the case of non-performance, which, in turn, might affect the Bank's capacity to meet the payments under the securities. Some risk diversification and management strategies used by the Bank also involve transactions which include the provision of financial services by the relevant counterparts. The insolvency of any of these counterparts might imbalance the efficacy of the Bank's risk diversification and management strategies, which might also affect the Bank's capacity to meet the payments under the securities and adversely affect the Bank's financial condition and results.

The maintenance of the current economic and financial crisis, combined with the implementation of the austerity measures established under the Economic and Financial Assistance Programme, exert further pressure on the quality of the assets of the national banking system. The risks arising from changes in credit quality and the repayment of loans and other amounts owed by customers and counterparts are inherent to a broad spectrum of the Bank's business activity. Adverse changes in the credit quality of customers and counterparts of the Bank, a generalised deterioration of the Portuguese and global economy, or the growing systemic risk of financial systems, could affect the recovery and value of the Bank's assets and require an increase in provision for bad debt and other provisions, which would adversely affect the Bank's financial condition and results.

Millennium bcp's consolidated loan portfolio, as at 31 December 2011, reached Euro 71,533 million, of which 6.2% refer to non-performing loans, representing an increase of 1.7 p.p. in relation to the same period of 2010. As noted above, the prolonged maintenance of the adverse economic and financial circumstances at a worldwide, European and national level increases the risk of deterioration of the quality of the consolidated loan portfolio and might lead to increased impairment losses and deterioration of the solvency ratio through reduction of own funds and/or increased risk weighted assets (RWA). Non-performing loans, calculated in accordance with Instruction number 23/2011 of Banco de Portugal, which includes loans overdue more than 90 days and bad debt, accounted for 6.2% of total loans and advances to customers as at 31 December 2011, compared with 4.5% of total loans and advances to customers as at 31 December 2010. Loan impairment (net of recoveries) reached Euro 1,331.9 million in 2011, compared with Euro 713.3 million in 2010, showing the strengthening of allocations for loan impairment. The provisioning effort, measured by the proportion of allocations for loan impairment (net of recoveries) in relation to the loan portfolio, excluding securitised loans, stood at 186 basis points in 2011, compared with 93 basis points in 2010. The coverage of loans overdue more than 90 days stood at 109.1% as at 31 December 2011, compared with 109.4% in 2010. The maintenance, or aggravation, of the crisis, namely due to the persistence of sluggish economic growth, increased unemployed rate and sharp increase in risk premiums required would tend to lead to increased loan impairment levels and, consequently, to the reduction of the Bank's net income. Moreover, the level of provisions and other reserves might not be sufficient to cover possible future impairment losses, and it may be necessary to create additional provisions of significant amounts. Any failure in risk management or control policies relating to credit risk could adversely affect the business activity, financial condition and results of the Bank.

The Bank is exposed to market risk

The Bank is exposed to market risk. This is the risk of a decline in the value of the Bank's investment holdings or its trading results as a consequence of changes in market factors, specifically: the risk of fluctuations in its shares price, interest rate risk, foreign exchange rate risk and risk of changes in the price of commodities. The performance of the financial markets could cause changes in the value of the Bank's investment and trading portfolios. Changes in the interest rate level, yield curve and spreads could affect the Bank's net interest margin. Changes in foreign exchange rates could affect the value of its assets and liabilities denominated in foreign currencies and could affect the results of trading.

The main measure used by the Group in evaluating the market risks (including interest rate risk, foreign exchange rate risk and equity price risk) is VaR ("**Value at Risk**"). The VaR is calculated based on analytical approximation defined in the methodology developed by Risk Metrics (1996). It is calculated using a 10 business day time horizon and an unilateral statistical confidence interval of 99%. During 2011, the average of the VaR for the trading portfolio stood at Euro 4.5 million.

The interest rate risk originated by transactions involving the non-trading book is assessed through a risk sensitivity analysis process, carried out every month for all operations included in the Group's consolidated balance sheet. The reported analysis as at 31 December 2011 indicates that interest rate risk sensitivity of the

balance sheet, calculated through the difference between the present value of the interest rate mismatch after discounting at market interest rate and the discounted value of the same cash flows parallel shifts in the market interest rate by +100 b.p., shows values of Euro -71.8 million, for the currency in which the Group has most significant positions, the euro.

The Group carries out transactions with derivatives fundamentally to hedge structured products for customers (guaranteed capital and other products), risks stemming from the Bank's day-to-day business, essentially including the hedging of interest rate risk and exchange rate risk. The current level of trading activity of the Group's own portfolio in derivatives is immaterial insofar as Group profits or risk exposure is concerned.

The trading portfolio and portfolio of assets available for sale reached a total of Euro 137.907 million as at 31 December 2011, compared with Euro 126.610 million as at 31 December 2010. Any depreciation in the value of the Group's trading portfolio, portfolio of assets available for sale and other variable yield securities could have negative repercussions on its financial condition and results.

The Bank has implemented risk management methods to mitigate and control these and other market risks to which it is exposed and its exposure is continuously monitored. However, it is difficult to accurately predict changes in market conditions and foresee the effects that these changes might have on the Bank's financial condition and results of its operations. The Bank is exposed to the risk associated with investment in complex derivatives. Any failure in risk management or control policies relative to market risk could have a negative impact on the Bank's business activity, financial condition and results of its operations. The net trading income represented, as at 31 December 2011, 8.1% of banking income.

The Bank is subject to operational risks

During the Bank's normal activity and as a result of its organisational structure, the Bank is subject to certain operational risks, including interruptions in the service provided, errors, fraud attributable to third parties, omissions and delays in the provision of services and implementation of requirements for risk management. The Bank continually monitors these risks by means of, among other actions, advanced administrative and information systems and insurance coverage in respect of certain operational risks. However, it is not possible to guarantee that the monitoring and prevention of these risks would be totally efficient. Any lack of success in the implementation of the Bank's risk management and control policies could adversely affect its financial condition and results.

Liabilities to customers of the Bank are higher than the highly liquid assets

The Bank's main source of funding is its deposits base. However, over the last few years the maintenance of interest rates at historically low levels has resulted in the channelling of customer savings invested in more traditional financial products, namely deposits, to instruments with higher potential yield. This trend has been reverted since 2008. The Bank's other funding sources include money market operations, medium and long term bonds, covered bonds, commercial paper, medium term structured products and securitisation of a portion of its loan book. Over the last few years, the Bank has strengthened its own funds through capital increases (the most recent share capital increase in cash entry occurred in 2011), the issue of securities mandatorily convertible into BCP shares, called Capital BCP 2005 (this issue occurred in December 2002, with a corresponding capital increase in January 2006), exchangeable subordinated bonds and convertible bonds (the remainder of the most recent issue, which occurred in 2001, has been repaid).

The Group has sought to mitigate the liquidity risk, having adopted various measures since 2007 which attenuate the penalising impact of the unfavourable market circumstances on its liquidity position - namely, by reducing the deficit, strengthening the attraction of deposits, sale of non-strategic assets, increasing highly liquid assets and increasing the maturity of institutional funding. However, the prolonged crisis of the financial markets led to a decline in the weight of the wholesale component with maturity greater than one year from 59.0% in 2007 to approximately 48.3% as at 31 December 2011. The possible inability of the Bank to obtain sufficient funds, in an adverse context of financial markets, namely following the sub-prime crisis, in order to meet its liabilities with customers and other investors could negatively affect its financial condition and results. Furthermore, due to the Bank's liquid funding position, any downgrade of its rating could adversely affect its financial condition and results.

New provisions of the ECB relating to the discretionary acceptance of bank debt guaranteed by National Central Banks represent the risk of reduction of the pool of eligible assets.

The ECB recently issued Decision ECB/2012/4 of 21 March 2012 which changes the collateral eligibility acceptance criteria. Pursuant to this decision "(…) National Central Banks shall not be obliged to accept as collateral for Eurosystem credit operations eligible bank bonds guaranteed by a Member State under a European Union/International Monetary Fund programme, or by a Member State whose credit assessment does not comply with the Eurosystem's benchmark for establishing its minimum requirement for high credit standards applicable for issuers and guarantors of marketable assets (…)". This decision represents an uncertainty regarding liquidity buffers in view of the discretionary nature of decision-making by each national central bank, has indirect impacts on the acceptance of this type of debt by third parties, affecting ability and speed of return to market funding and may lead to a greater isolation of the financial systems of countries under adjustment programmes.

The level of coverage of pension fund liabilities of the Bank could turn out to be insufficient, which would lead to the statement of actuarial losses for the year, which are recognised against reserves for the year when they occur

The Group has undertaken the liability to pay pensions to its employees upon retirement or due to disability and other liabilities, in accordance with the terms established in the Collective Labour Agreement of the Banking Sector ("**ACT**"). The Group's liabilities are essentially covered by the Pension Fund of Banco Comercial Português, which is managed by PensõesGere.

Following the Government's decision in Decree-Law no. 127/2011, of 31 December, which was a structural measure in the fulfilling of the objectives established in the PAEF, a Tripartite Agreement for the implementation of said Decree-Law was established between the Government, the Portuguese Association of Banks and the Unions of bank employees on the transfer, to Social Security, of the liabilities related to pensions paid to current retired employees and pensioners.

This Decree-Law established that the liabilities to be transferred correspond to the pensions being paid as at 31 December 2011, at constant values (0% updating rate) of the component laid forth in the Collective Labour Regulation Instrument ("**IRCT**") of retired workers and pensioners. The liabilities relative to the updating of pensions, supplementary benefits to pensions to be undertaken by Social Security, contributions to the Bank's Social Health Assistance Service ("**SAMS**") for retirement and survivors' pensions, death grants and deferred survivors' pensions continue to be the responsibility of the Institutions with the funding being ensured through their respective Pension Funds. The abovementioned Decree-Law also establishes the terms and conditions under which the transfer was carried out, defining a discount rate of 4% to determine the liabilities to be transferred.

The impacts of such changed include:

- A negative impact of € 1.141 million in the Bank's equity as at 31 December 2011, associated to the liabilities in respect of pensions of retired employees transferred to the Social Security, of which € 117 million in net results. The transaction would imply a negative impact of 74 b.p. to the regulatory capital as at 31 December 2011, which will only be recognised in June 2012, as a result of a decision of the Bank of Portugal

- A reduction to the Bank's liabilities with pensions of approximately 50%, which means that the Bank's vulnerabilities associated with the market risk inherent to the Pensions Fund is also reduced. This risk has penalised significantly the Bank in the recent past, especially considering the adverse economic and financial environment. In fact, the Bank has sustained accumulated actuarial losses of € 1.464 million in the 2007-2011 period and 2009 was the only year where no actuarial losses occurred.

The transferred liabilities were determined based on actuarial assumptions that are different from those used by the Group, namely with respect to the discount rate (4%) and mortality table (TV 88/90 for women and TV 73/77 aggravated by 1 year for men). These assumptions were determined with a view to the liquidation of liabilities (exit value) since this involves a definitive and irreversible transfer of these liabilities implying differences when compared with the assumptions used in the determination of the liabilities reflected in the financial statements prepared in accordance with the requirements of IAS 19 - Employee Benefits. The total value of the transferred liabilities reached Euro 2,583 million. The financial settlement of 55% of the operation,

of the value of Euro 1,510 million, took place before 31 December 2011, and the remaining value will be transferred in the first semester of 2012.

The liabilities related to retirement pensions had been totally funded and at levels above the minimum limits defined by Banco de Portugal, presenting a coverage level of 111%. As at 31 December 2011, the liabilities related to the Pension Fund reached Euro 2,452 million, compared with Euro 5,322 million recorded as at 31 December 2010, reflecting a significant reduction due to the transfer of part of the liabilities to Social Security.

In 2011, the Pension Fund recorded a negative rate of return of 0.7%, following the adverse behaviour of the markets and, in particular, of the performance of the capital markets in Portugal. Since the liquidation of the transferred liabilities is carried out in cash or public debt valued at market prices, the remaining assets in the Pension Fund corresponding to non-transferred liabilities present a composition which is substantially different from that recorded as at 31 December 2010.

IAS 19 permits the use of alternative criteria for the accounting treatment of actuarial deviations. Previously, the Group had adopted the corridor method, where unrecognised actuarial gains and losses which exceeded 10% of the greater value between the present value of the defined liabilities and the fair value of the Fund's assets were recognised against profit or loss according to the estimated remaining working life of the active employees.

Considering that IAS 19 – Employee Benefits enables the use of the method of direct recognition in equity of actuarial deviations, the Group decided in 2011 to alter its accounting policy, and now recognises the actuarial deviations for the year against reserves. According to IAS 8, this alteration of accounting policy is presented for comparative effect as of 1 January 2010, whereby the entirety of the deferred actuarial deviations is recognised under equity on that date. Hence, as of 31 December 2011, inclusively, the Group no longer records actuarial deviations in the Balance Sheet.

For prudential effects, Banco de Portugal authorised the maintenance of the corridor for the liabilities not transferred to Social Security as well as the amortisation method defined previously for deferred adjustments related to the pension fund (Extended corridor), with the exception of those arising from actuarial losses recorded in 2008, of the value corresponding to the liabilities transferred to Social Security. As at 31 December 2011, the value of the corridor relevant only for prudential effects reached Euro 245 million.

The level of coverage of Pension Fund liabilities of the Bank could turn out to be insufficient. If the deterioration of global financial markets leads to lower investment income and, consequently, lower value of the fund, this would result in the statement of actuarial losses for the year, which are recognised against reserves for the year when they occur.

Since the settlement of the transferred liabilities is carried out in cash or public debt valued at market prices, the remaining assets in the Pension Fund corresponding to non-transferred liabilities might be considered at higher risk and therefore, depending on the evolution of the financial markets, might lead to actuarial deviations.

In the future, the Bank cannot guarantee that changes will not take place in the actuarial assumptions relating to the pension fund. Any such changes in the assumptions could lead to increased actuarial differences.

The partial transfer of liabilities in respect of pensions onto Social Security that took place in late 2011, although reducing some risks, in the sense that it reduced the value of the responsibilities that the Bank will have to comply with in the future, may have significant adverse impacts in the short term, particularly in terms of liquidity, to the extent that the Bank needs to acquire assets from the pension fund in order to provide it with sufficient liquidity to meet the conditions of transfer of the aforementioned liabilities.

Volatility caused by the Bank's credit risk

The last few years have been characterised by the aggravation of the international financial crisis and by the sharp deterioration of the sovereign debt crisis. The existing uncertainty, especially in the financial sector, as a result of the growing difficulties of the financial institutions and systemic risk, led to the maintenance of very high levels of costs related to protection against the default of private debt instruments of the financial market and, in particular, Portuguese banks. The continuation of this situation has led to the increased spread of the Bank's credit, with negative impact on the level of net interest income, but may lead to gains in the fair value of liabilities at fair value.

However, these effects are reversible in the long term: the reduction of the Bank's credit spread will produce opposite effects, which will be reflected in a possible decrease in the Bank's results.

The Bank is subject to compliance risk

The Bank's activity is heavily regulated. As a consequence, the Bank is subject to claims of non-compliance with regulations and that public entities, regulatory authorities or third parties file lawsuits against it. Inspections or other procedures which are unfavourable to the Bank could result in penalties of a legal nature, limitations of business opportunities, reductions of potential of expansion or the impossibility to demand compliance with contractual obligations.

The Bank is also subject to rules and regulations relating to money laundering and the financing of terrorism. Compliance with the rules of combat of money laundering and the financing of terrorism implies significant costs and efforts and/or failure to observe them may have severe consequences, both legal and in terms of reputation, for the Bank. Although the Bank believes that its current policies and procedures of combat of money laundering and the financing of terrorism are sufficient to ensure compliance with all the applicable legislation, the Bank cannot guarantee that, at any given time, it complies with all the applicable rules, or that its rules on the combat of money laundering and the financing of terrorism, which are extendable to the entire Group, are being applied consistently by its employees under all circumstances. Any breach, or even suspected breach, of these rules could have very serious legal, financial and reputational consequences, which could negatively and significantly affect the Bank's business activity, financial condition and results.

The Bank might be exposed to non-identified risks or to an unexpected level of risks, notwithstanding the risk management policies pursued by the Bank

The Bank is exposed to a series of risks, including, among others, credit risk, market risk, operational risk and liquidity risk. Although careful methodologies have been implemented for the management of each type of risk to which the Bank is exposed to, when faced with exceptionally adverse scenarios, the policies and procedures used by the Bank in the identification, monitoring and management of these risks might not prove to be totally effective. The Bank's risk management methods are based on a combination of human and technical controls and supervision, which are subject to errors and defects. Some of the Bank's methods of managing risks are based on internally developed controls and on historic data on market behaviour, also supported by common market practices. These methods might not adequately predict future losses, in particular when related to relevant market fluctuations, which could be considerably higher than those observed historically. These methods might also be ineffective in protecting against losses caused by technical errors, if the implemented testing and control systems are not efficient in the prevention of software and hardware technical defects. Any errors or failures in the implementation of such risk management systems, as well as their possible inability to identify all the risks or risk levels to which the Bank is exposed, could adversely affect the Bank's financial condition and results.

Reductions of the Bank's credit rating could increase the cost of borrowing funds and make the Bank's ability to raise new funds or renew maturing debt more difficult

The credit ratings are an important component of the Bank's liquidity profile. The evolution of the ratings attributed to BCP reflects, apart from the evolution of the rating of the Portuguese Republic, a series of factors intrinsic to BCP. In terms of capital, and in spite of the initiatives implemented recently to strengthen its capital position, the deleverage process in progress and the existence of the support line to banks offered by the Portuguese State of Euro 12 billion for capital reinforcement, the rating agencies have pointed to some fragility in BCP's capital position. In terms of results, the evolution of BCP will be constrained, essentially, by the evolution of the Portuguese economy. The rating agencies also consider the deterioration of the quality of the loan portfolio to be an additional risk factor, essentially related to its exposure to the Small and Medium Enterprises sector in Portugal and to its risks, and also refer to the Bank's exposure to public debt. Finally, the rating agencies consider, as an additional risk factor, the high dependency on wholesale funding and funding from the ECB, as well as the need to reduce the ratio of net loans/deposits so as to reach a ratio of 120% by 2014. Since the wholesale funding markets are practically closed to the Portuguese Republic and to the national banking system under conditions considered suitable, the continuation of the trend observed during 2011 of downgrading of the ratings could contribute, for example, to the erosion of the collateral eligible for funding at the ECB (requirement of higher haircuts), as well as more restrictive access to funding, at a higher cost. In order to overcome this situation, the Bank might need to accelerate its deleverage process and reduce its activity, with an negative effect on its results.

The Bank's credit ratings can be revised from time to time and have 'positive', 'stable' or 'negative' outlooks, depending on the rating agencies' views of the Bank's credit quality. Such outlooks give indications or suggest the direction of future rating actions. Indeed, there is no guarantee that the Bank will not be subject to downgrades in credit ratings in the near future. In fact, the credit conditions of the Portuguese banking system, which influence the creditworthiness of Portuguese banks, may cause an expectation of deterioration of such creditworthiness. Furthermore, the Portuguese banks' deposits and debt ratings are dependent on the Portuguese Republic's ratings and, consequently, may vary as a result of Portuguese Republic's rating changes. The ratings of the Portuguese Republic are a key element in determining its capacity to support the banking system.

The Bank's capacity to successfully compete in the deposit market depends on various factors, including financial stability, namely operating results and credit ratings attributed by recognised rating agencies. In this regard, a downgrade in the credit rating could affect the Bank's ability to raise funding and could have an adverse effect on its business activity, financial condition and results.

The Bank faces technological risks

In the scope of the implementation of a new organisational and strategic coordination model, the Bank was divided into five business areas and two service areas (Banking Services and Corporate Areas). The Banking Services area is composed of organic units whose functions include: credit analysis, credit recovery, processing of operations, development and exploration of computer and telecommunications systems, physical and logistical security, administrative and property management, purchasing and other units for the support of the business areas' activity. The operations developed by the Group, on Portuguese territory and abroad, have an infrastructure of information systems which is externalised, but common and integrated, promoting higher overall efficiency. The Bank's operations depend heavily on their respective computer processing, especially following the centralisation of the information systems. The computer processing involves record-keeping, financial reporting and other systems, including systems for monitoring points of sale and internal accounting systems. Regarding the security of the information systems, Millennium bcp has continued to pursue a strategy aligned with the best international practices, such as the principal information security standard ISO 17799/27001 (currently named ISO 27002). In spite of the assessment that has been made of the computer systems and the conviction that the back-up capacities are adequate, it is not possible to guarantee to potential investors the total identification and timely correction of all problems related to the information technology systems, or systemic success in the instalment of technological improvements. Should any of the abovementioned risks effectively occur, the Bank's business activity, financial condition and results could be significantly and negatively affected.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that either BCP Finance or the Bank will be unable to comply with its obligations as a company with securities admitted to the Official List or as a supervised firm regulated by the Financial Services Authority.

Transactions in the Bank's own portfolio involve risks

The Bank carries out various treasury activities on its own account, including the placement of deposits denominated in euros and other currencies in the interbank market as well as trading in primary and secondary markets for government securities.

The management of the Bank's own portfolio includes the taking of positions in fixed income and equity markets, both spot and through derivative products and other financial instruments. In spite of the Bank's limited level of involvement in these activities, trading on account of its own portfolio carries risks, since its results depend partly on market conditions. Moreover, the Bank depends on a vast range of reporting and internal management tools in order to be able to report its exposure to such transactions correctly and in due time. Future results arising from trading on account of its own portfolio will depend partly on market conditions and the Bank may incur losses which could adversely affect its financial condition and results.

Hedging operations carried out by the Bank may not be adequate to prevent losses

The Bank carries out transactions to cover risk (hedging)to reduce its exposure to different types of risks associated to its business. Many of its hedging strategies are based on historical patterns of transactions and correlations. Consequently, unexpected market developments might negatively affect the Bank's hedging strategies.

Furthermore, the Bank does not hedge all of its risk exposure in all market environments or against all types of risks. Moreover, the way that gains or losses arising from certain ineffective hedges are recognised may result in additional volatility in its reported earnings. If any of its hedging instruments or strategies is inefficient, the Bank could incur losses, which could have considerable adverse impacts on its business activity, financial condition and results.

The Bank is exposed to the risk of changes in its management

Although the current Board of Directors of Banco Comercial Português, including its Executive Committee, were elected for the term of office of 2012-2014 at the General Meeting of Shareholders held on 28 February 2012, which approved the amendment and restructuring of the memorandum of association, comprising the adoption of a one-tier management and supervisory model, the composition of the Board of Directors of Banco Comercial Português and/or its Executive Committee might change due to decisions taken by the shareholders or by the Board of Directors or due to personal motives of the relevant members. Banco Comercial Português could face difficulties in replacing any directors who leave, which could negatively affect its financial condition and results. Furthermore, changes may also be decided in the Boards of Directors and executive management of the Bank's subsidiaries in other countries in which the Group has operations which, while not necessarily implying alterations in the strategy pursued by said operations, might negatively affect their financial condition, results and, where applicable, their stock market performance.

Financial problems faced by the Group's customers could adversely affect BCP

Market turmoil and economic recession, especially in Portugal, Greece, and other European countries, could have a material adverse effect on the liquidity, businesses and/or financial conditions of the Group's clients, which could in turn further impair the Group's loan portfolio. In 31 December 2011, the ratio of overdue loans and doubtful loans over 90 days to gross loans has registered an aggravation (increased from 6.9% as at March 2011 to 9.7% as at March 2012, with provisions coverage of 52%.

In a context of continued market turmoil, economic recession and increasing unemployment coupled with declining consumer spending, the value of assets collateralising the Group's secured loans could decline significantly, which could result in impairment of the value of the Group's loan assets. Loans to businesses and individuals are expected to remain under considerable pressure in Portugal as the sizeable downward pressure on household disposable income and firms' profitability from the austerity measures as well as the resulting deterioration in the business environment, more restrictive credit conditions and stressed liquidity are likely to adversely affect the demand for loans.

The Group's customers' levels of savings and credit demand are dependent on customers' confidence, employment trends, the state of the economies in countries in which the Group operates, and the availability and cost of funding. In addition, customers may further significantly decrease their risk tolerance to non-deposit investments such as stocks, bonds and mutual funds, which would adversely affect the Group's fee and commission income. Any of the conditions described above could have a material adverse effect on the Group's business, financial condition or results of operations.

Risks relating to standardised contracts and forms

The Group maintains contractual relationships with a large number of clients. In all of the Group's business areas and departments, the management of such a large number of legal relationships involves the use of general terms and conditions and standard templates for contracts and forms. This standardisation implies that for subjects that need clarification, contain drafting errors or need individual terms and conditions, the use of standard contracts and forms poses a significant risk due to the large number of contracts entered into under these conditions. In the light of recent amendments to the applicable legal frameworks as a result of new laws and judicial decisions, and the growing influence of European legislation on national laws, it is possible that not all the general terms and conditions, standard contracts and forms used by the Group comply with all the applicable legal requirements at all times. If there are drafting errors, interpretive issues, or if the individual contractual terms or the contracts are invalid in their entirety or in part, a large number of client relationships may be affected negatively, which may result in claims for compensation or other legal consequences that may have an adverse effect on the financial condition and operating results of the Group.

The results of litigation in which the Group is not a party may have adverse consequences for the Group

Judicial and regulatory decisions that are unfavourable to other banks may also have implications for the Group, even in cases in which the Group is not a part of the proceedings. This could occur in cases where the contractual practices or clauses in question are in common use throughout the sector and are interpreted against the relevant bank. For example, decisions that have an impact on clauses in general terms and conditions or schedules for repayment of loans could affect the whole sector. This could also be the case in a decision that depends on the special circumstances of an individual case, where its result is used by third parties against the Group. The Bank may, as a consequence, be forced to change its practices or to pay compensation to avoid damage to its reputation. These decisions may have a substantial adverse impact on the financial condition or operating results of the Group.

Regulatory Risks

The Bank's activity may be affected by possible changes in the banking activity regulatory framework, including, amongst other factors, in terms of capital requirements

The Group conducts its business in accordance with the applicable regulations and subject to the related regulatory risks, including the effects of amendments to laws, regulations and policies in Portugal and other countries in which the Group operates. As a result of the current environment and recent market events, the regulatory entities, Portuguese and international, including the European Union, have considered significant changes to the regulatory framework, particularly in relation to capital adequacy and the scope of bank operations. As a result of these and other changes in progress and, possibly, future changes in the regulatory framework of financial services, the Bank may face tighter regulation which implies specific and relevant conditions for the development of the Bank's regular activity.

Capital requirements

The implementation of a more demanding and restrictive regulatory framework, with additional restrictions on Financial Institutions, in particular regarding capital ratios, indebtedness, liquidity and compulsory information, even if beneficial to the financial system and of a preventive and temporary nature, will imply additional costs for banks.

Compliance with new regulations might increase the regulatory capital requirements and costs of the Bank, result in heavier duties of information, restrict certain types of transactions, affect the Bank's strategy and limit or imply the modification of the rates or fees charged by the Bank for certain loans and other products, where any of the above might reduce the yield of its investments, assets or holdings. The Bank might also face increased compliance costs and limitations on its capacity to pursue certain business opportunities, and, as a consequence, this could have a significant adverse effect on the activity, financial situation and net income of the Bank's operations.

As part of the Stabilisation Programme signed with the IMF/EU, Portugal agreed that, for as long as the Programme is in place, Banco de Portugal would require that all the banking groups under its supervision should achieve a Core Tier I ratio of 9% by the end of 2011 and a Core Tier I ratio of 10% by the end of 2012, and that it should be maintained at this level thereafter. On this issue, it should be noted that Banco de Portugal Notice number 3/2011 was published on 17 May 2011, in Diário da República, which determines compliance with a minimum Core Tier I ratio of 9% by 31 December 2011, and 10 % by 31 December 2012, for banking groups subject to supervision on a consolidated basis by Banco de Portugal and by institutions, not included in these groups, with head office in Portugal and which are qualified to acquire deposits.

In addition to these requirements of a temporary nature, on 8 December 2011 the European Banking Authority recommended the temporary strengthening of capital requirements in accordance with bank exposure to sovereign debt, for precautionary reasons. For Portugal, the exercise represented a substantial increase in capital strengthening requirements (reaching a total of Euro 6.95 billion, of which Euro 3.7 billion refer to the public debt buffer) (Source: EBA, December 2011). This recommendation was endorsed by Banco de Portugal, which, in line with the guidelines issued by the EBA, instituted in Notice number 5/2012 that these additional requirements should to be complied with by 30 June 2012. Following the recommendation of the EBA, banks should favour market instruments or use the established public support facilities.

The regulatory requirements will imply the need for additional capital strengthening in order to comply with the more demanding capital ratios and the lower profitability of such capital. Stricter requirements on

disclosure and transparency of information will also lead to increased costs for the Bank, with a potentially significant adverse effect on the activity, financial situation and net income of the operations of the Bank.

The enhanced supervision by Banco de Portugal as a result of the Stabilisation Programme agreed with the IMF/EU might increase costs and potentially force the Group to sell some of its non-core assets under sub-optimal conditions. As a consequence, the Bank might be confronted with the need to further increase its capital base or restrict its policy of distribution of profit. Moreover, the Bank might be faced with additional constraints concerning the management of its assets and liabilities, and might be affected by the triggering of public recapitalisation mechanisms (which are subject to conditions) which are specifically contained in the Programme.

The Bank's Core Tier I ratio stood at 9.3% (IRB method) as at 31 December 2011 and after the capitalisation operation will reach a level of 9% (based on the implementation of the recapitalisation plan). However, it is not possible to guarantee that the Core Tier I ratio will remain above the minimum values established by Banco de Portugal in Notices number 3/2011 and 5/2012 referred to above in the near future, which might imply the need to adopt additional specific measures, such as acceleration of the deleveraging process, the optimisation of risk weighted assets (RWA), the sale of non-core assets, the assessment of other strategic initiatives and other specific measures with the objective of strengthening the Core Tier I ratio, so as to ensure that the Bank complies with its regulatory capital requirements. It should also be noted that increased capital requirements could imply a lower return on equity.

Basel III

On 12 September 2010, the Basel Committee on Banking Supervision announced a new agreement, known as Basel III, which reviews most of the minimum requirements relating to capital and liquidity. This agreement has stricter capital requirements that will be applied over a transitional period in order to attenuate their impact on the international financial system. The minimum capital requirements for Common Equity Tier I capital (which does not include hybrid capital) will gradually increase from 2% of risk weighted assets to 7% of risk-weighted assets by 2019. The total solvency ratio will increase from 8% to 10.5% between 2016 and 2019. Further changes include: i) a progressive increase of the common equity ratio from 2% to 4.5% by 2015; ii) a progressive increase in the Tier I ratio from 4% to 6% by 2015; iii) an additional requirement of a capital conservation ratio of 2.5% on common equity, with phased implementation from 2016 to 2019 and application of restrictions on bank capacity to pay dividends or make other payments, to be defined, if the capital is below the common equity ratio and capital conservation ratio; iv) a buffer of anti-cyclical capital, which will stand at between 0% and 2.5% of risk weighted assets, with loss absorption properties, according to the credit cycle phase pursuant to its application by the national supervisory authorities; v) the leverage ratio will be tested for a non-adjusted ratio of risk of 3%. Furthermore, the Basel III regimen also contains stricter requirements relative to the quality of the capital that may be considered Common Equity Tier I capital and for the calculation of risk weighted assets. The full implementation of Basel III is forecasted only for the end of 2019. It is expected that the main impacts of Basel III on consolidated capital ratios will be related to deferred tax assets, deficit of the value of impairments for expected losses, Pension Fund corridor,minority holdings in consolidated subsidiaries, significant holdings in non-consolidated financial institutions and in the increased capital requirements for market and counterpart risks.

On 13 January 2011, the Basel Committee issued "Minimum requirements to ensure loss absorbency at the point of non-viability", which suggests some specific rules for internationally active banks. The rules require that all additional Tier I and Tier II instruments issued by internationally active banks must include, with certain exceptions, a provision in their terms and conditions requiring that they should be written-off when particular circumstances occur. If these rules were to be implemented in Portugal, the Bank would be subject to them. If the proposal were implemented in its current wording, this could affect the price of the additional Tier I and Tier II instruments issued by the Group in the future.

In addition to these requirements, institutions identified as systemically relevant at a worldwide level might be subject to even more demanding and restrictive requirements. While it is not foreseen that Portuguese banks will be classified as systemically relevant at a global level, there are, however, proposals that this principle should also be applied at a local level. In this case, in view of the Bank's dimension in the national banking system, a classification of this nature could imply additional costs for the development of business activity.

Some uncertainty remains concerning the final requirements and implementation of Basel III. If these measures are implemented as currently proposed, it is expected that this will have a significant impact on the capital and

on the management of the assets and liabilities of the Group. Consequently, this may have an adverse effect on the net income, financial condition and prospects of the Group.

Banco de Portugal (Notice number 7/2011 and Instruction number 28/2011) determined penalisation in the calculation of the capital ratios applicable to situations where the remuneration of deposits exceeds a specified limit defined based in the Euribor rates. Although this measure contributes to counteract the trend of increased deposit remuneration rates and pressure on net interest income in a context of scarcity of funds and major instability in international funding markets, the effort of attraction of stable long term financial resources might imply a double impact on yields and, consequently, on capital.

New credit institution restructuring system

The international financial crisis and its effects on the banking sector has led to reflection on the available legal mechanisms and intervention powers of supervisors in credit institutions whose financial situation begins to show signs of deterioration, so as to enable the swift adoption of measures aimed at preventing the risk of contagion to other institutions. This reflection identified the need to entrust the supervisors with a series of preventative intervention powers, with the adoption of a harmonised system for the establishment of this type of mechanism in the Community currently being underway.

In this context, Decree-Law number 31-A/2012, of 10 February, which amended various rules of the General Framework of Credit Institutions and Financial Companies, replaced the credit institution restructuring system, approving a new system, characterised by three different intervention phases (corrective intervention, provisional administration and resolution), applicable according to the severity of the risk or degree of non-compliance by an institution with the rules which discipline its activity, as well as the scale of the respective consequences on the interests of the depositors or on the stability of the financial system. Banco de Portugal will be responsible for the choice of the modality of intervention and adoption of specific measures.

The legal endorsement of these measures constitutes a relevant change to the applicable rules, since, in the light of the previous rules, when a credit institution was in a very serious situation the authorities had, as alternative action, the revocation of its respective authorisation for the exercise of the activity and its subsequent winding-up or nationalisation.

The new system foresees the preparation of recovery and resolution plans (living wills) to be submitted periodically to Banco de Portugal, who will be responsible for approving them or requesting their modification, thus seeking to ensure the planning of measures in the event of the need for the recovery or resolution of a credit institution, also enabling Banco de Portugal to detect and remove constraints to the application of resolution measures.

The provisional administration phase will correspond to situations that may place the financial equilibrium or solvency of the institution at serious risk, or constitute a threat to the stability of the financial system. In this phase, Banco de Portugal will have the possibility of suspending the management body of a credit institution and appointing all its members.

In the extreme case of a credit institution being at serious risk of non-compliance with the requirements for the maintenance of the authorisation for the exercise of its activity and it is not foreseeable that it will manage to return, within a suitable period, to adequate conditions of soundness and compliance with prudential ratios, the entry into a resolution phase will enable the application of measures of last resort, including the total or partial disposal of the business of a credit institution or the transfer of assets, liabilities, off-balance sheet items or assets under management to a transition bank.

The application of this type of measures will naturally depend on their necessity to prevent systemic contagion or possible negative impacts on the financial stability plan, with a view to minimising costs for the public treasury or safeguarding the trust of the depositors. Pursuant to the preamble of the abovementioned Decree-Law, "*its application should seek to assure that the shareholders of the credit institution, as well as its creditors, prioritarily assume its losses, in accordance with the respective hierarchy and under conditions of equality within each category of creditors*".

As is already the case in other countries, a Resolution Fund has been created for the purpose of providing financial support for the application of any resolution measures that might be adopted by Banco de Portugal, which foresees the participation of credit institutions based in Portugal, branches of credit institutions based in States not belonging to the European Union, relevant companies for the management of payment systems subject to supervision by Banco de Portugal as well as certain types of investment companies.

Decree-Law number 31-A/2012, of 10 February, also reviewed the special winding-up system of institutions subject to supervision by Banco de Portugal, including, in particular, the constitution of credit privileges applicable to loans backed by deposits covered by deposit guarantee funds, as well as loans certified by the Deposit Guarantee Fund, Crédito Agrícola Mútuo Guarantee Fund or Resolution Fund, arising from any financial support that these institutions might provide under the application of resolution measures, within the framework of the legal limits applicable to each measure.

Although this measure contributes to increase the flexibility of the regulators' intervention in the case of difficulties experienced by credit institutions, aimed at increasing efficiency in the restructuring and resolution process, its effective implementation may result in increases expenses (related, in particular, to possible contributions to the Resolution Fund) or, particularly in the case of effective implementation of the system, losses, which could imply a relevant negative impact for investors and, furthermore, for the bank's activity, financial situation and net income.

The European Commission's resolutions regarding the framework for Banking Recovery and Resolution ("Crisis Management Framework") may restrict the BCP Group's business operations and lead to an increase in its refinancing costs

The Crisis Management Framework contains three classes of measures: preparatory and preventive measures, prior supervision intervention, and instruments and powers of resolution. The implementation of these measures and powers will directly affect the rights of shareholders and creditors.

The cost of resolution may also lead to the establishment of national funds to support resolution funds. Banks subject to the Crisis Management Framework may be required to make ex ante contributions to funds. The conditions for such contributions are yet to be determined, but will probably result in a cost for the banks, which cost could be material.

Credit institutions will be required to produce suitable recovery plans to resolve problems with liquidity, solvency, or overall exposure to risk, and to keep them up-to-date. To complement the resolution plans, the authorities may be given preventive powers, including limits or modifications of exposure to risk; requirements for additional information, restrictions or prohibitions on certain activities and changes to group structures. Such actions could have consequences on the Group's profitability, its financing costs and the implementation of its global strategy.

Within the scope of preventive interventions, the authorities may be given powers to prohibit the distribution of dividends to shareholders or to holders of hybrid securities, to replace managers or directors, and to require the Bank to transfer assets that constitute an excessive or undesirable risk to the soundness of the financial institution. These actions may have a direct effect on shareholders' expected returns and additional indirect impacts through changes to the Bank's business activities.

In relation to financial institutions that are in breach, the authorities' powers may include, among others, the right to enforce the transfer of assets, rights or liabilities to another entity, amortisation or cancellation of shares; debt write-off or conversion, replacement of management, or demands for continuity of supply of essential services.

The Restructuring Plan to be submitted by the State to the European Commission, and which conditions, conclusions and obligations the Bank has undertaken to comply with, may constrain the strategic and operational flexibility of the Group and may have an adverse effect on the activity, competitive position and results of the Group. Furthermore, the European Commission may impose measures and conditions more disadvantageous than those proposed in the Restructuring Plan, comprising a significant and additional set of structural measures.

Pursuant to Portuguese law and European rules regarding State aids, the Bank should submit a Restructuring Plan to the Government member responsible for the area of finance, in order to allow the Government to send this Plan to the European Commission within six months after the enactment of the order foreseen in Article 13 of the Law no. 63-A/2008.

This Plan will be prepared in order to highlight the reasons that demonstrate the Bank's long-term viability, to prove the contribution given by the Bank itself and which the Bank will continue to give to the necessary recapitalization and restructuring efforts and also to introduce measures that are likely to limit the potential competition distortions that may arise out of the allocation of public investment.

The Bank believes that the conditions currently provided for in the recapitalization plan and its respective annexes are balanced and proportionate, having regard, in particular, to exogenous and transitory factors which justify the recourse to the public investment, to the management model and the Bank's investment strategy and as well to the measures to enhance strength adopted by the Bank over the past few years. Therefore, the Bank will seek to sustain that no structural measures are necessary (or, in case of failure, to limit their respective impact). Nevertheless, it is not possible to ensure which will be the understanding of the European Commission in this regard.

Thus, in addition to the conditions and obligations referred to above and which accompany the Recapitalization Plan, the Bank cannot exclude that additional measures may be required by the European Commission; that being the case, such measures may constrain the strategic and operational flexibility of the Group and may have an adverse effect on the activity, competitive position and results of the latter. Therefore, at the present moment, there is a risk associated with the approval and implementation of the Restructuring Plan.

In the immediate future, the Bank believes that the continuation (or reinforcement) of management measures to avoid distortions of competition related with public investment and to contribute to limit the need and impact of any structural measures, together with those which are already associated with the Recapitalization Plan, may be within its reach. These measures would tend to be applicable until the end of the period of the public investment and could consist of the following: restrictions on dividend distribution policy; changes to remuneration policy; setting of even more stricter limits to risk-taking decisions, in particular regarding market risk and loans to related entities; no allocation of public funds to the expansion of the Group's international operations; reduction of the structure in Portugal, thus contributing to the matching between supply and demand for banking services; limits to the acquisition of controlling stakes in entities that have a material impact on the financial situation of the institution.

However, the final position on the measures to be included in the Restructuring Plan belongs to the European Commission, and, at this stage, there is still a great amount of uncertainty regarding the final content of the Restructuring Plan, and, as such, a risk related with the approval and implementation of this Plan. In particular, the European Commission may deem the measures already envisaged in the Recapitalization Plan and other important measures that the Bank already pursues and those which the Bank is willing to pursue without delay, such as the reduction of the commercial gap and the reduction of the Loans-to-Deposits ratio up to 120% until 2014, which will lead to a decrease of about 20% in the Risk-weighted Assets, as insufficient, requiring instead the adoption of measures and conditions more disadvantageous to the Group, which may include, in particular, structural measures.

In addition to these substantive issues, the Bank is, at a procedural level, also endeavoring, in coordination with the Portuguese Government, to promote the subsequent assessment of the Plan by the European Commission as soon as possible, in order to mitigate the effect of uncertainty that still exists at this time as to the content and extent of the restructuring to be undertaken by the Bank.

The Bank expects that it will be possible, within a short and reasonable delay, to obtain approval from the Commission regarding the measures to be included in the Restructuring Plan, in terms that allow the Group to maintain its strength and viability and, simultaneously, to preserve the balance of the value necessary for the Bank to maintain its integrity and attractiveness. However, it is currently not possible to accurately anticipate the requirements and the duration of this procedure.

In the worst case scenario, if it was not possible to reach an agreement with the Commission regarding the possible restructuring measures, the Commission could, *in extremis*, order the Portuguese Government to recover the amount of public investment made available to the Bank, which, besides the difficulties inherent to public investment made in shares, would imply a relevant change to the reimbursement plan provided for in the recapitalization plan for hybrid instruments, with the inherent adverse consequences for the Group.

The planned creation of a deposit protection system applicable throughout the European Union may result in additional costs to the BCP Group

The harmonisation of the deposit guarantee systems will represent significant changes to the mechanisms of the deposit guarantee systems currently in force. Taking into account that it is being considered to increase ex ante financing to approximately three quarters of total financing and the objective relating to the level of deposit guarantee schemes to 2% of eligible deposits, banks may be required to contribute to the deposit guarantee systems in amounts that are much higher than the current contributions. The European Union estimates that

the cumulative impact on banks will be a reduction of 4% in their operational results over the first five years, and a reduction of 2.5% over the following five years.

Although the harmonisation of the deposit guarantee systems is currently expected to maintain the level of coverage at Euro 100,000, the pressure on the European Union authorities to simplify eligibility criteria and put in place swifter payment procedures may lead to additional adjustments in the level and scope of coverage, implying higher bank contributions to the deposit guarantee schemes.

The additional indirect costs of the deposit guarantee systems may also be significant, even if they are much lower than the direct contributions to the fund, as may the case of the costs associated with the provision of detailed information to clients about products, as well as of compliance with specific regulations on advertising for deposits or other products similar to deposits.

Government regulatory responses to market turbulence may be inadequate and have undesired consequences, in particular in the banking activity

As a consequence of the persistence of the sovereign debt crisis at a European level and the internal economic and financial crisis, there has been government intervention aimed at mitigating their effects and it is expected that considerable increase in the regulation of the financial service sector will continue, in addition to those that have already taken place, materialised in the establishment of higher capital requirements, more strict standards of communication duties and restrictions to certain types of transactions. New regulations could imply that Banco Comercial Português needs more capital or that the rates or fees it charges on certain loans or other products are changed, where any of these events could have adverse material effects on the Group's financial situation and net income of its operations. The BCP Group may also face increased compliance costs and limitations to its capacity to pursue certain business opportunities.

Changes to tax legislation and regulations and higher taxes or lower tax benefits could have an adverse effect on the Bank's activity

The Bank might be adversely affected by changes in the tax legislation and other regulations applicable in Portugal, the European Union and other countries in which it operates, as well as by changes of interpretation, by the competent tax authorities, of this legislation and these regulations, which might have a negative impact on the Bank's activity, financial situation and net income. Significant changes in the tax legislation in Portugal, the European Union and other countries in which the Bank operates, or difficulties in the interpretation of or compliance with new tax laws and regulations could have a relevant negative impact on the Bank's activity, financial situation and net income.

The various measures approved by the Portuguese Government to ensure budgetary consolidation, stimulate the economy and support the banking system have led to a considerable increase of public debt levels. In a context of low potential growth, the need to restore the balance to public finance in the medium term, as negotiated in the Economic and Financial Assistance Programme, will imply increased tax costs, through the expansion of the tax base, tax rates and/or reduction of tax benefits, as well as increased restrictions on tax planning practices, with direct impact on the Bank's net income and turnover. Added to this series of factors strictly related to taxation, are any costs which might be borne due to participation in financial stabilisation mechanisms, national or at a European level.

The results of the stress tests might imply the need to increase capital or a loss of public confidence in the Group

National and international regulators, including the International Monetary Fund, European Central Bank, European Banking Authority (EBA) and others, have conducted stress tests to the banking sector. Additional stress tests might reveal new capital requirements in a bank in particular or in the Portuguese banking system in general, and may lead to the introduction of tighter regulations in the financial system. In particular, the stress tests might imply that the Bank is forced to obtain additional capital. Consequently, the undertaking of stress tests could adversely affect the Group's funding cost, with adverse impact on its activity and financial situation. Furthermore, a breach of confidence in the banking system following the disclosure of the results of stress tests relating to a bank or the Portuguese banking system as a whole, or even the widespread perception that these tests might not have been sufficiently strict in the past, may also negatively affect the Bank's cost of funding.

Risks Relating to the Market

There is strong competition in the Bank's principal areas of activity

Since 1996, the Bank has witnessed a significant expansion of retail financial services in the Portuguese banking market, resulting in the sustained development of the mortgage market, consumer credit, investment funds, unit linked products and a broader use of credit cards. The Portuguese banking market is currently a very developed market, containing major national and foreign competitors which follow multi product, multi channel and multi segment approaches and have evolved significantly in terms of commercial competence. Over recent years, there has also been a significant development of banking operations through the Internet and the use of new techniques, which has enabled banks to assess the needs of their customers with greater accuracy and operate accordingly, adjusting their respective value proposals. The Portuguese market has raised the interest of foreign banks, especially in areas such as corporate banking, asset management, private banking and investment banking services. These factors have led to an increase in competition. Furthermore, many Portuguese banks are dedicated to enhancing their revenue through an increase in their market shares and cross-selling strategies, as well as focus on their core business, thus sustaining more aggressive commercial strategies. A possible intensification of the trend of integration of European financial services may contribute to increased competition, namely, in the areas of asset management, investment banking, online brokerage and the marketing of banking and financial services through remote means. These levels of competition in the sector, in Portugal and in other countries where the Bank operates, or its intensification, imply business and strategy risks, which might lead to a reduction in the Bank's market share for some products and/business segments and hinder the adjustment of spreads for credit risk. Moreover, such a situation could also lead to a reduction in net interest income, fees and other income of the Bank, and also penalise the evolution of its revenue, net income and financial situation.

Risks Relating to Acquisitions

The Bank may be the object of an unsolicited acquisition bid

The Portuguese banking system is more vulnerable to hostile acquisition bids as a result of the significant devaluation on the stock market during 2011, the negative performance of the credit default swaps and the consecutive downward revisions, over the last two years, of the ratings of the main Portuguese banks, following the downgrading of the Portuguese Republic. This reflects factors such as the deterioration of the economic and financial foundations of the Portuguese banking system, its exposure to sovereign debt or the market perception of the growing dependence of most banks on funds from the ECB, as a form of obtaining liquidity. In this context, the Bank may be the object of an unsolicited acquisition bid. In this case, changes may occur in the current strategy being implemented, in its core business, operations and funds, which might have a relevant negative impact on the Bank's activity, financial situation and net income.

The Bank may participate in concentration operations

Although the Bank's management priorities are focused on organic growth and the Bank has strengthened its commitment to discipline in its implementation, there are no guarantees that the Bank might not participate in concentration operations, in Portugal or other geographical areas, should an opportunity arise. In the event of the Bank participating in concentration operations, changes may occur in the Bank's current strategy, organisation and structure, including the shareholder structure, in its core business, funds, financial situation and net income. Moreover, the Bank might not be capable of benefiting from potential synergies, costs and/or income, totally or partially, associated to any concentration operation that might take place. The Bank might also be required to incur additional costs arising from any restructuring required by any such possible concentration operation, in particular in terms of staff costs. Future merger or acquisition operations could result in unexpected losses due to unforeseen liabilities, and may significantly and negatively affect the activity, financial situation and net income of the Bank.

Risks Relating to Administrative Proceedings by the CMVM and the Bank of Portugal

The Bank has been accused and condemned by the CMVM and (not definitively) by Banco de Portugal in infringement proceedings related to operations, including the financing of the acquisition of shares issued by the Bank, carried out with companies, namely based in off-shore centres, and, in this context, has proceed with the precautionary recording of an adjustment of Euro 300 million (Euro 220.5 million net of tax) to its financial statements of the fiscal year of 2006. The Bank has contested these infringement

proceedings and taken legal action against the condemnatory decisions of Banco de Portugal and the CMVM, where the final decision relative to the infringement proceeding of the CMVM is already known, which maintained the condemnation of BCP to pay a fine of Euro 5,000,000 and determined the suspension, for the period of two years, of the enforcement of half the value of this fine.

Summary of procedures and investigations by the CMVM and Banco de Portugal

At the end of the financial year of 2007, the Bank received a formal notice dated 27 December 2007 sent by Banco de Portugal, informing that it had filed infringement proceeding number 24/07/CO against the Bank, *"based on the existence of preliminary evidence of administrative offences established and punished by the General Framework of Credit Institutions and Financial Companies (approved by Decree-Law number 298/92, of 31 December), namely non-compliance with accounting rules, provision of false or incomplete information to Banco de Portugal, in particular regarding the value of own funds, and non-compliance with prudential obligations"*.

A press release issued by Banco de Portugal on 28 December 2007 noted that this proceeding had been filed *"based on facts related to 17 off-shore entities whose nature and activities were always hidden from Banco de Portugal, namely during previous inspections"*.

On 12 December 2008, the Bank was notified by Banco de Portugal of an accusation under the process of the abovementioned infringement proceeding number 24/07/CO instructed by Banco de Portugal.

The Bank did not accept the accusation made against it, and submitted objection to this infringement proceeding within the period of time for this effect, which ended on 16 March 2009.

On 12 May 2010, the Bank was notified of the contents of the decision read under the proceedings filed against it by the Board of Directors of Banco de Portugal, which condemned the Banco to pay a single fine of the value of Euro 5,000,000 and also applied sanctions to various natural persons connected to the Bank.

The Bank appealed against the decision of the administrative authority, and initiated judgement in the Small Instance Criminal Court of Lisbon. Following the inquiry of one of the witnesses for better appraisal of the question of the validity of the documentation attached to the accusations and on its possible nullity as evidence, due to breach of bank secrecy, an order was read in October 2011, declaring the nullity of the evidence submitted and, as a consequence, the nullity of the entire proceeding.

The Public Ministry and Banco de Portugal have appealed against this decision. The Bank and other defendants, in due time, submitted their respective answers to the allegations. The Court admitted such appeals, as well as the respective replies, and those have been sent to the Lisbon Court of Appeal. The Public Ministry has submitted its opinion before the Lisbon Court of Appeal that the appeals should be accepted. The Banks has replied to this opinion, arguing in favour of the appealed decision and the decision of the Court of Appeal is not awaited.

On 12 December 2008, the Bank was also notified by the CMVM of an accusation brought against it under infringement proceeding number 41/2008.

The Bank did not accept the accusation brought against it and submitted, on 27 January 2009, objection to the infringement proceeding in question, having argued for the total rejection of the accusation.

On 26 June 2009, BCP was notified of the condemnation to pay a single fine of the value of Euro 5,000,000 (five million) for the disclosure of untrue information. The CMVM deliberated to proceed with the partial suspension, of the value of Euro 2,500,000 for the period of 2 years, of the enforcement of the applied fine. In its decision, the CMVM expressed the understanding derived from the law that, in the case of the taking of legal action against this outcome, the decision relative to the partial suspension of the enforcement of the fine would extinguish.

The Bank did not accept the decision and on 24 July 2009 submitted legal action against the decision.

On 21 July 2010, the Small Instance Criminal Court of Lisbon read the sentence in the proceeding which confirmed the condemnatory decision of the CMVM, including the value of the fine of Euro 5,000,000, although it considered founded and granted the Bank's appeal with respect to the subsistence of the partial suspension of the fine, which was maintained in spite of the Bank having taken legal action against the decision of the CMVM.

The Bank appealed against the judicial decision and was notified, on 11 April 2011, of the decision of the Court of Appeal which dismissed its appeal, having then submitted an appeal at the Constitutional Court, which declined to grant it. Therefore, the decision of 21 July 2010 of the Small Instance Criminal Court of Lisbon is now final.

Consequently, the development of regulatory investigations, any regulatory proceedings and liabilities resulting thereof, and any dispute arising from or related to the procedures and investigations described above, if decided against the Bank, could have an important negative effect on its activity and results.

Adjustment to the financial statements

In December 2007, the Bank initiated an internal investigation process in relation to the operations connected to the off-shore companies referred to above. Furthermore, the Bank complied with the requests of the CMVM and Banco de Portugal, namely by providing the requested documentation.

In view of the existing indications arising from the investigations conducted by the supervisory authorities regarding the more thorough analysis of the economic substance of the transactions described below, the Bank decided in 2008 to consider a more prudent interpretation, considering the currently identified risks, of their nature and restructuring, and recorded an adjustment of Euro 300 million taking effect as at 1 January 2006, where its respective effect net of tax reached approximately Euro 220.5 million. This decision did not imply any kind of recognition by the Bank of the existence of alleged infractions which might be imputed to it.

This adjustment decreased the Bank's Tier 1 capital ratios and may lead to loss of trust, which could hinder any future share capital increases. It cannot be guaranteed that new adjustments will not be required or recommended to the Bank, which may depend on the outcome of the procedures and investigations conducted by Banco de Portugal and the CMVM or could arise otherwise as a consequence of, or in relation to, the transactions summarised below. Consequently, the development of regulatory investigations, any regulatory proceedings and liabilities resulting thereof, and any dispute arising from or related to the above, if decided against the Bank, could have an important negative effect on its activity and results.

Summary of the activities of the off-shore entities and respective transactions

The abovementioned procedures and investigations, as well as the said adjustment, are related to the transactions summarised below.

Between 1999 and 2002, companies based in off-shore centres, financed by the Bank, acquired Bank shares, which, in November 2002, reached approximately 5% of the Bank's share capital. In November 2002, the said off-shore companies sold their BCP shares to a financial institution, against cash, having also received securities indexed to shares issued by this (Equity-Linked Notes). In 2004, the said financing was subject to a restructuring and was taken by a business group whose activity consists of the real estate projects (hereinafter referred to as "**GI**"). Under this operation, GI assumed net liabilities with the Bank of approximately Euro 450 million. The Bank also sold the company Comercial Imobiliária (hereinafter referred to as "**CI**") to GI for Euro 26 million and a series of other real estate properties of the total value of Euro 61 million. Subsequently, and also during 2004, the Bank reacquired 11.5% of the share capital of CI.

In 2005, the Bank made a contribution in kind to the Pension Fund of the BCP Group of a group of assets which included commercial paper issued by CI, of the value of Euro 210 million, together with shares issued by listed entities. The proceeds of the commercial paper issued by CI were used to repay the Bank for part of the loans owed. In 2007, the commercial paper was converted into share capital of CI, with the GI Group henceforth holding a stake of 68.3%4 in the share capital of CI and the Pension Fund of the BCP Group holding a stake of 28.29% (of which 18.29% was subsequently sold to the Bank).

In 2006, CI acquired a holding and economic interest of 54% in a real estate development project in Luanda, Angola ("Luanda Bay Project") and the Bank granted shareholder loans of the value of Euro 300 million, whose proceeds were used to repay part of the loans owed by GI to BCP.

In 2007, the Bank accepted, as assets in lieu of payment, 68.34% of the share capital of CI, for the repayment of liabilities to the Bank of the value of Euro 61 million.

As a result, namely, of the transactions referred to above, (i) all the loans granted by the Bank to the off-shore entities (subsequently assumed by GI) were repaid; (ii) the Bank, as of 2005, allocated a provision of the value of Euro 85 million for the loan in question; (iii) the Bank became the creditor of CI for the sum of Euro 300

million of shareholder loans, which, after the adjustment referred to above, are stated at the net value of Euro 23.4 million; (iv) the Banco became the shareholder of 99.9% of the share capital of CI, and, indirectly, approximately 54% of the future benefits of the Luanda Bay Project (a stake which, according to two independent valuations made in September 2007, was at that time valued between Euro 278.8 million and Euro 231.6 million).

In view of the existing indications arising from the investigations conducted by the supervisory authorities regarding the more thorough analysis of the economic substance of the transactions described below, the Bank has decided to consider a more prudent interpretation, considering the identified risks, of their nature and restructuring, and recorded an adjustment of Euro 300 million (Euro 220.5 million net of tax) relative to the shareholder loan agreement concluded with CI, and proceeded with its book recording at its investment value (Euro 23.4 million). This decision did not imply any kind of recognition by the Bank of the existence of alleged infractions which might be imputed to it. The adjustment took effect as of 1 January 2006 and the Bank's financial statements as at 31 December 2007 were adjusted in order to reflect the effects of this restructuring as of 1 January 2006. The Bank, when it made this adjustment, had not been notified of any accusation and did not admit nor admits to any infraction or liability relative to the transactions described above.

During 2009, Banco Comercial Português S.A., after analysing the market conditions and the development prospects of the Luanda Bay Project, decided to reduce the Group's investment in the said project to 10%, through sale to the Angolan company Finicapital - Investimentos e Gestão S.A., which generated a cash inflow of approximately USD 100,000,000 and capital gains of Euro 57,196,000.

Banco Comercial Português considers that the holding kept by the Group in the Luanda Bay Project will enable it to retain a relevant presence in an extremely important project for Angola and maintains the expectation that the Luanda Bay Project will generate additional earnings in the future, which may be recorded against profit or loss of the Bank for the financial years when they are generated.

At this date it is not possible to predict the definitive outcome of the proceeding lodged by Banco de Portugal or whether new lawsuits or investigations will be submitted in the future. However, the Bank runs the risk of being subject to restrictive measures of civil, administrative or other nature, including fines, depending on the result of the accusations, investigations and proceedings in question. The Bank might also be subject to investigations or proceedings by other regulators or disputes, in Portugal or in any other place, by shareholders or third parties, disputes which, if decided against the Bank, could lead to significant losses for the Bank and the downgrading of its ratings. Any of these regulatory proceedings and disputes could lead to negative publicity or perceptions relative to the business developed by the Bank and could lead to loss of customers and increased funding costs, and even draw the attention of the management team away from the current management of the Bank's activity. Consequently, the development of regulatory investigations, any regulatory proceedings and liabilities resulting thereof, and any dispute arising from or related to the operations described above, if decided against the Bank, could have an important negative effect on its activity, operating income or financial situation.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme.

Risks related to the structure of a particular issue of Notes.

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Notes subject to optional redemption by the relevant Issuer.

An optional redemption feature of Notes is likely to limit their market value. During any period when the relevant Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be

able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Index Linked Notes and Dual Currency Notes.

The relevant Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a "Relevant Factor"). In addition, the relevant Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

(i) the market price of such Notes may be volatile;

(ii) they may receive no interest;

(iii) payment of principal or interest may occur at a different time or in a different currency than expected by the investor, as defined in the applicable Final Terms;

(iv) they may lose all or a substantial portion of their principal;

(v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified;

(vii) a fluctuation of the Relevant Factor may result in a greater negative impact on the yield or even result in an interest rate equal to zero; and

(viii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

Partly-paid Notes

The relevant Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of his investment.

Variable rate Notes with a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the relevant Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the relevant Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes tends to be

less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the relevant Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate tends to be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Obligations under Subordinated Notes are subordinated

The relevant Issuer's obligations under Subordinated Notes will be unsecured and subordinated to the claims of senior creditors. Although Subordinated Notes may pay a higher rate of interest than comparable Notes, which are not subordinated, there is a real risk that an investor in Subordinated Notes will lose all or some of his investment should the relevant Issuer become insolvent.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Modification, waivers and substitution

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive which may, if implemented, amend or broaden the scope of the requirements described above.

If a payment were to be made or collected through a Member State in which a withholding system applies and an amount of, or in respect of, tax were to be withheld from that payment, neither the relevant Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The relevant Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

U.S. Foreign Account Tax Compliance Withholding

The relevant Issuer and other financial institutions through which payments on the Notes are made may be required to withhold U.S. tax at a rate of 30% on all, or a portion of, payments made after 31 December 2016 in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after 31 December 2012 or are materially modified after that date and (ii) any Notes characterized as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued, pursuant to Sections 1471 through 1474 of the U.S. Internal Revenue Code (FATCA), or similar law implementing an intergovernmental approach to FATCA. In addition, if Notes

are issued before 1 January 2013 and additional Notes of the same series are issued after that date, the additional Notes may not be treated as exempt from FATCA withholding, which may have negative consequences on the existing Notes, including a negative impact on market price.

This withholding tax may be triggered if (i) the Issuer is a foreign financial institution (FFI) (as defined in FATCA) that enters into and complies with an agreement with the U.S. Internal Revenue Service (IRS) to provide certain information on its account holders (making the Issuer a Participating FFI), (ii) the Issuer has a positive "passthru payment percentage" (as determined under FATCA), and (iii)(a) an investor does not provide information sufficient for the relevant Participating FFI to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of such Participating FFI, or (b) any FFI that is an investor, or through which payment on such Notes is made, is not a Participating FFI.

The application of FATCA to interest, principal or other amounts paid with respect to the Notes is not clear. If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Notes, neither the relevant Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding of such tax. As a result, investors may, if FATCA is implemented as currently proposed by the IRS and withholding tax is triggered, receive less interest or principal than expected.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on proposed regulations and official guidance that is subject to change.

Change of law

The Trust Deed (except Clauses 2(H) and 7(H) insofar as they relate to Subordinated Notes), the Agency Agreement, the Notes (except Conditions 2(c) and 4(b)), the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law. Clauses 2(H) and 7(H) of the Trust Deed (in so far as they relate to Subordinated Notes), Conditions 2(c) and 4(b) and, with respect to Book Entry Notes, the form ("*Representação formal*") and transfer of the Notes, the creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes are governed by, and shall be construed in accordance with, Portuguese law.

The conditions of the Notes are based on relevant law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to relevant law or administrative practice after the date of this Offering Circular.

Risks related to withholding tax on Notes issued by the Bank

Under Portuguese law, income derived from the Book Entry Notes integrated in and held through Interbolsa, as management entity of the Portuguese Centralised System (*Central de Valores Mobiliários*) held by non-resident investors (both individual and corporate) eligible for the debt securities special tax exemption regime which was approved by Decree-Law193/2005, of 7 November, as amended, ("Decree-Law193/2005") and in force as from 1 January 2006, may benefit from withholding tax exemption, provided that certain procedures and certification requirements are complied. Failure to comply with these procedures and certifications will result in the application of the Portuguese domestic withholding tax. Decree-Law193/2005 does not apply to Notes other than Book Entry Notes.

Failure to comply with procedures, declarations, certifications or others, as provided in paragraph (iii) of Condition 8, will result in the application of the relevant Portuguese domestic withholding tax to the payments without giving rise to an obligation to gross up by the Bank.

It should also be noted that, if interest and other income derived from the Notes issued other than by BCP Finance is paid or made available ("*colocado à disposição*") to accounts in the name of one or more accountholders acting on behalf of undisclosed entities (e.g., typically "jumbo" accounts) such income will be subject to withholding tax in Portugal at a rate of 30% unless the beneficial owner of the income is disclosed. Failure by the investors to comply with this disclosure obligation will result in the application of the said Portuguese withholding tax at a rate of 30% and the Bank will not be required to gross up payments in respect of any withheld accounts, as results from paragraph (x) of Condition 8. Investors should note that such is the case if the Notes are issued through Euroclear Bank SA/NV, Clearstream Banking société anonyme or The Depository Trust Company and for as long as these do not have in place any procedures to identify the beneficial owners.

Further, interest and other types of investment income obtained by non-resident holders (individuals or legal persons) without a Portuguese permanent establishment to which the income is attributable that are domiciled in a country included in the "tax havens" list approved by Ministerial order no. 150/2004 of 13 February (as amended by Ministerial order no. 292/2011 of 8 November) is subject to withholding tax at 30%, which is the final tax on that income. The Bank will not be required to gross up payments in respect of any of such non-resident holders, as results from paragraph (v) of Condition 8.

See details of the Portuguese taxation regime in "Taxation — Portuguese Taxation".

Notes where denominations involve integral multiples: definitive Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally.

Set out below is a brief description of the main market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

Liquidity Risk. The secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily, which will result in the immobilisation of the invested capital, or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

Exchange rate risks and exchange controls

Principal and interest on the Notes will be paid in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published and have been filed with the Financial Services Authority, shall be deemed to be incorporated in, and to form part of, this Offering Circular:

(a) the published audited annual financial statements and audit reports of BCP Finance for the years ended 31 December, 2010 and 31 December, 2011;

(b) the published unaudited consolidated balance sheet (page 22 of the document), income statement (page 21 of the document), cash flows statement (page 23 of the document), statement of changes in equity (page 24 of the document), statement of comprehensive income (page 25 of the document) and the notes to the interim consolidated financial statements (page 26 to 76 of the document) of the Bank and its subsidiaries (the "**Banco Comercial Português Group**" or the "**BCP Group**") for the three months period ended 31 March, 2012 all as included in the Interim Consolidated Financial Statements which form part of the 1st Quarter 2012 Activity Report.;

(c) the published consolidated balance sheet (page 24 of the document related to Volume II of 2010 Annual Report and page 255 of the document related to 2011 Annual Report), income statement (page 23 of the document related to Volume II of 2010 Annual Report and page 254 of the document related to 2011 Annual Report), cash flows statement (page 25 of the document related to Volume II of 2010 Annual Report and page 256 of the document related to 2011 Annual Report), statement of changes in equity (page 26 of the document related to Volume II of 2010 Annual Report and page 257 of the document related to 2011 Annual Report), statement of comprehensive income (page 27 of the document related to Volume II of 2010 Annual Report and page 258 of the document related to 2011 Annual Report), notes to the consolidated financial statements (pages 28 to 147 of the document related to Volume II of 2010 Annual Report and pages 259 to 381 of the document related to 2011 Annual Report) and audit reports (pages 247 to 249 of the document related to Volume II of 2010 Annual Report and pages 488 to 490 of the document related to 2011 Annual Report) of the Banco Comercial Português Group for the years ended 31 December, 2010 and 31 December, 2011 all as included in the 2010 and 2011 Annual Reports of the BCP Group; and

(d) the Terms and Conditions of the Notes contained in the previous Offering Circulars dated 21 December, 2001, pages 27-51 (inclusive), 19 December, 2002, pages 26-50 (inclusive), 21 November, 2003, pages 26-50 (inclusive), 22 November, 2004, pages 25-49 (inclusive), 13 December, 2005, pages 37-61 (inclusive), 21 September, 2006, pages 38-62 (inclusive), 18 April, 2007, pages 43-71 (inclusive), 30 April, 2008, pages 64-93 (inclusive), 28 April, 2009, pages 68-97 (inclusive), 23 April, 2010, pages 72-101 (inclusive) and 15 June, 2011, pages 78-107 (inclusive), prepared by BCP Finance and the Bank in connection with the Programme.

All financial information in this Offering Circular relating to the Bank for the years ended 31st December 2010 and 2011 has been extracted without material adjustment from the audited financial statements of the Bank for the financial years then ended.

The information incorporated by reference in (b) and (c) above represent an accurate translation from their original Portuguese form. In the event of a discrepancy the original Portuguese version will prevail.

Following the publication of this Offering Circular, a supplement may be prepared by the Issuers and approved by the UK Listing Authority in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall to the extent applicable (whether expressly, by implication or otherwise) be deemed to modify or supersede statements contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular can be obtained from the registered offices of BCP Finance and the Bank and from the specified offices of the Paying Agents for the time being.

BCP Finance and the Bank will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes. Each of BCP Finance and the Bank have undertaken to the Dealers in the Dealer Agreement to comply with sections 87G of the Financial Services and Markets Act 2000.

Any documents themselves incorporated by reference in the documents deemed to be incorporated by reference herein shall not form part of this Offering Circular.

Any non-incorporated parts of a document referred to herein are either not relevant for an investor or are otherwise covered elsewhere in this Offering Circular.

GENERAL DESCRIPTION OF THE PROGRAMME

Under the Programme, each Issuer may from time to time issue Notes denominated in any currency subject as set out herein. A summary of the terms and conditions of the Programme and the Notes appears below. The applicable terms of any Notes will be agreed between the relevant Issuer and the relevant Dealer prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes incorporated in, or incorporated by reference into, the Notes, as modified and supplemented by the applicable Final Terms attached to, or incorporated, in, such Notes, as more fully described under "*Form of the Notes*" below. If so indicated in the applicable Final Terms, Notes issued by BCP Finance will be guaranteed by the Bank acting through its Macao branch, as described in the Trust Deed.

This Offering Circular and any supplement will only be valid for listing Notes during the period of twelve months from the date of this Offering Circular in an aggregate nominal amount which, when added to the aggregate nominal amount of all Notes then outstanding or simultaneously issued under the Programme, does not exceed EUR25,000,000,000 or its equivalent in other currencies. For the purpose of calculating the Euro equivalent of the aggregate nominal amount of Notes issued under the Programme from time to time after the date of this Offering Circular:

(a) the Euro equivalent of Notes denominated in another Specified Currency (as specified in the applicable Final Terms in relation to the relevant Notes, as described under "*Form of the Notes*") shall be determined, at the discretion of the relevant Issuer, as of the date of agreement to issue such Notes (the "**Agreement Date**") or on the preceding day on which commercial banks and foreign exchange markets are open for business in London, in each case on the basis of the spot rate for the sale of the Euro against the purchase of the relevant Specified Currency in the London foreign exchange market quoted by any leading bank selected by the relevant Issuer on the relevant date of calculation;

(b) the Euro equivalent of Dual Currency Notes, Indexed Notes and Partly Paid Notes (each as specified in the applicable Final Terms in relation to the relevant Notes, as described under "*Form of the Notes*") shall be calculated in the manner specified above by reference to the original nominal amount on issue of such Notes (in the case of Partly Paid Notes regardless of the subscription price paid); and

(c) the Euro equivalent of Zero Coupon Notes (as specified in the applicable Final Terms in relation to the relevant Notes, as described under "*Form of the Notes*") and other Notes issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the relevant Issuer for the relevant issue.

FORM OF THE NOTES

The Notes of each Series will be in registered ("**Registered Notes**"), bearer ("**Bearer Notes**") or book entry form ("**Book Entry Notes**"), as indicated in the applicable Final Terms.

1. Registered Notes

Unless otherwise provided with respect to a particular Series of Registered Notes, the Registered Notes of each Tranche of such Series offered and sold in reliance on Regulation S, which will be sold to non-U.S. persons outside the United States, will initially be represented by a Reg. S Global Note which will be deposited with, and registered in the name of a nominee of, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Prior to expiry of the Distribution Compliance Period (as defined in Regulation S) applicable to each Tranche of Notes, beneficial interests in a Reg. S. Global Note may not be offered or sold to, or for the account or benefit of, a U.S. person save as otherwise provided in Condition 12 and such Reg. S Global Note will bear a legend regarding such restrictions on transfer.

Registered Notes of each Tranche of a particular Series may only be offered and sold in the United States or to, or for the account or benefit of, U.S. persons in private transactions: (i) to QIBs; or (ii) to Institutional Accredited Investors who agree to purchase the Notes for their own account and not with a view to the distribution thereof. Unless otherwise provided with respect to a particular Series of Registered Notes, the Registered Notes of each Tranche sold to QIBs will be represented by a Restricted Global Note which will be deposited with a custodian for, and registered in the name of a nominee of, The Depository Trust Company ("**DTC**").

Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

The Registered Notes of each Tranche sold to Institutional Accredited Investors will be in definitive form, registered in the name of the holders thereof. The Restricted Global Note and the Registered Notes in definitive form issued to Institutional Accredited Investors will be subject to certain restrictions on transfer set forth therein and will bear a legend regarding such restrictions.

Payments of the principal of, and interest (if any) on, the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6*(c)*) as the registered holder of the Registered Global Notes. None of the Issuers, the Trustee, the Agent, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal on the Registered Notes will, in the absence of provision to the contrary, be made to the persons shown on the Register at the close of business on the business day immediately prior to the relevant payment or delivery date. Payments of interest on the Registered Notes will be made on the relevant payment date to the person in whose name such Notes are registered on the Record Date (as defined in Condition 6*(c)*) immediately preceding such payment date.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event unless otherwise provided in the applicable Final Terms. For these purposes, "**Exchange Event**" means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, (ii) Clearstream, Luxembourg and/or Euroclear or DTC, as the case may be, has notified the relevant Issuer that it is unwilling or unable to continue to act as depositary for the Notes and no alternative clearing system satisfactory to the relevant Issuer, the Agent and the Trustee is available, (iii) DTC has ceased to constitute a clearing agency registered under the United States Securities Exchange Act of 1934, as amended, or the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no alternative clearing system satisfactory to the relevant Issuer, the Agent and the Trustee is available, (iv) the relevant Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 8 which would not be required were the Notes represented by the Registered Global Note in definitive form, (v) the holder of a

beneficial interest in the Restricted Global Note notifies the Registrar in writing that it is transferring such beneficial interest to an Institutional Accredited Investor who is required to hold its beneficial interest in the Registered Notes in definitive form, (vi) not less than 60 days' written notice requesting exchange has been given by Euroclear, Clearstream, Luxembourg and/or DTC, as the case may be, (acting on the instructions of any holder of an interest in a Registered Global Note) to the Registrar; provided that in the case of (iv) a written notice or request, as the case may be, is submitted to the Registrar. The relevant Issuer will promptly give notice to the Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event referred to in (i) to (iv) above, Euroclear and/or Clearstream, Luxembourg or DTC, as the case may be, (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the relevant Issuer may also give notice to the Registrar requesting the exchange. Any such exchange (except in the case of (vi) above) shall occur not later than 30 days after the date of receipt of the first relevant notice by the Registrar. Upon the occurrence of an Exchange Event, the relevant Issuer will cause the appropriate Registered Notes in definitive form to be delivered, provided that, notwithstanding the above, no Registered Notes in definitive form will be issued in exchange for a Registered Global Note until the expiry of the applicable Distribution Compliance Period.

2. Bearer Notes

Each Tranche of Bearer Notes will be offered and sold in reliance on Regulation S and will be sold only to non-U.S. persons outside the United States and will initially be represented by a Temporary Bearer Global Note (without receipts, interest coupons or talons) which, will:

(i) if the Temporary Global Note is intended to be issued in new global note ("**NGN**") form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche of Bearer Notes to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"); and

(ii) if the Temporary Global Note is not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche of Bearer Notes to a common depositary (the "**Common Depositary**") for, Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal and interest (if any) due prior to the Exchange Date (as defined below) will be made against presentation of the Temporary Bearer Global Note if the Temporary Global Note is not intended to be issued in NGN form only to the extent that certification to the effect that the beneficial owner of such Note is not a U.S. person or a person who has purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Clearstream, Luxembourg and/or Euroclear, as applicable, and Clearstream, Luxembourg and/or Euroclear, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the "**Exchange Date**") which is 40 days after the date on which a Temporary Bearer Global Note is issued, interests in the Temporary Bearer Global Note will be exchangeable (free of charge) upon a request by Clearstream, Luxembourg and/or Euroclear acting on the instruction of the holders of interests in the Temporary Bearer Global Note either for interests in a Permanent Bearer Global Note (without receipts, interest coupons or talons) or for security printed definitive Bearer Notes (as indicated in the applicable Final Terms and subject, in the case of definitive Bearer Notes, to such notice period as is specified in the applicable Final Terms) in each case against certification of beneficial ownership as described above and in accordance with the terms of the Temporary Bearer Global Note unless such certification has already been given. Unless exchange for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused, the holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest or principal due on or after the Exchange Date.

Payments of principal and interest (if any) on a Permanent Bearer Global Note will be made through Clearstream, Luxembourg and/or Euroclear against presentation or (as the case may be) surrender of the Permanent Bearer Global Note if the Permanent Global Note is not intended to be issued in NGN form without any requirement for certification. The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached upon either (i) not less than 60 days' written notice from Clearstream, Luxembourg and/or Euroclear (acting on the instructions of any holder of an interest

in such Permanent Bearer Global Note) to the Agent as described therein or (ii) only upon the occurrence of an Exchange Event.

For these purposes, "**Exchange Event**" means that (i) an Event of Default has occurred and is continuing, (ii) the relevant Issuer has been notified that both Clearstream, Luxembourg and Euroclear have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no alternative clearing system satisfactory to the relevant Issuer, the Agent and the Trustee is available or (iii) the relevant Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 8 which would not be required were the Notes represented by the Permanent Bearer Global Note in definitive form. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 15 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Clearstream, Luxembourg and/or Euroclear (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Bearer Notes which have an original maturity of more than one year and on all receipts and interest coupons relating to such Notes:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes, receipts or interest coupons.

Notes which are represented by a Temporary Global Note or a Permanent Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

3. Book Entry Notes

The Book Entry Notes are issued in dematerialised book-entry form (*forma escritural*) and can be either *nominativas* (in which case Interbolsa, at the Issuer's request, can ask the Affiliated Members information regarding the identity of the Noteholders and transmit such information to the Issuer) or *ao portador* (in which case Interbolsa cannot inform the Issuer of the identity of the Noteholders). The Book Entry Notes are issued in any specified denomination provided that in the case of any Book Entry Notes which are to be admitted to trading on a regulated market within the European Economic Union or offered to the public in a Member State of the European Economic Area in circumstances which require the publication of a prospectus under the Prospectus Directive, the minimum Specified Denomination shall be as indicated in the applicable Final Terms.

The Book Entry Notes will be registered by Interbolsa - Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. ("**Interbolsa**") as management entity of the Portuguese Centralised System of Registration of Securities (*Central de Valores Mobiliários*) ("**CVM**").

Each person shown in the individual securities accounts held with an Affiliated Member of Interbolsa as having an interest in the Notes shall be considered the holder of the principal amount of Notes recorded. One or more certificates in relation to the Notes (each a "**Certificate**") will be delivered by the relevant Affiliated Member of Interbolsa in respect of its registered holding of Notes upon the request by the relevant holder of Book Entry Notes and in accordance with that Affiliated Member's procedures and pursuant to article 78 of the Portuguese Securities Code (*Código dos Valores Mobiliários).*

Any holder of Book Entry Notes will (except as otherwise required by law) be treated as its absolute owner for all purposes regardless of the theft or loss of, the Certificate issued in respect of it and no person will be liable for so treating any holder of Book Entry Notes.

The Book Entry Notes will be issued in compliance with U.S. Treasury Regulations Section 1.163-5(c)(2)(i)(C) (TEFRA C).

4. General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*" below) the Agent shall arrange that, where a further Tranche of Notes is issued, the Notes of such Tranche shall be assigned (where applicable) a CUSIP number, and, in the case of Bearer Notes and Reg. S Notes (as defined in the Conditions), a CINS number, common code and ISIN which are different from the CUSIP number, CINS number, common code and ISIN assigned to Notes of any other Tranche of the same Series until at least the expiry of the Distribution Compliance Period applicable to such Tranche. The end of such period and, as the case may be, the CUSIP number, CINS number, common code and ISIN thereafter applicable to the Notes of the relevant Series will be notified by the Agent to the relevant Dealer.

All global Notes and definitive Notes will, subject to any mandatory provisions of law, be issued pursuant to the Trust Deed (as defined under "*Terms and Conditions of the Notes*" below) and the Agency Agreement.

For so long as any of the Notes is represented by a Global Note deposited with a common depositary or common safekeeper for Clearstream, Luxembourg and Euroclear or for so long as DTC or its nominee is the registered holder of a Registered Global Note, each person who is for the time being shown in the records of Clearstream, Luxembourg or of Euroclear or, as the case may be, DTC as entitled to a particular nominal amount of Notes (in which regard any certificate or other document issued by Clearstream, Luxembourg, Euroclear or DTC or its nominee as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be deemed to be the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on, or, in the case of a Registered Global Note, voting, giving consents or making requests in respect of, such nominal amount of such Notes, for which purpose such common depositary, common safekeeper or, as the case may be, DTC or, in the case of payment only, its nominee shall be deemed to be the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant global Note and the Trust Deed (and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly).

No beneficial owner of an interest in a Registered Global Note will be able to exchange or transfer that interest, except in accordance with the applicable procedures of DTC, Clearstream, Luxembourg or Euroclear, as the case may be, in each case to the extent applicable.

FORM OF FINAL TERMS

Set out below is the form of Final Terms, which will be completed for each Tranche of Notes issued under the Programme with a denomination of less than EUR 100,000 (or its equivalent in another currency).

FINAL TERMS

[*Date*]

[BCP Finance Bank, Ltd. ("BCP Finance")/Banco Comercial Português, S.A. (the "Bank")][(1)]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
[Guaranteed by Banco Comercial Português, S.A.][(1)]
under the EUR25,000,000,000
Euro Note Programme

[The Offering Circular referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

(i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or

(ii) in those Public Offer Jurisdictions mentioned in Paragraph 35 of Part A below, provided such person is one of the persons mentioned in Paragraph 35 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression "**Prospectus Directive**" means Directive 2003/71/EC.][2]

[The Offering Circular referred to below (as completed by these Final Terms) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression "**Prospectus Directive**" means Directive 2003/71/EC.][3]

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(1) Delete as appropriate

(2) Consider including this legend where a non-exempt offer of Notes is anticipated.

(3) Consider including this legend where only an exempt offer of Notes is anticipated.

PART A – CONTRACTUAL TERMS

This document constitutes the Final Terms relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 28 June 2012 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular is available for viewing during normal business hours at [*address*] and [*website*] and copies may be obtained from [*address*].

The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated [*original date*] which are incorporated by reference in the Offering Circular dated 28 June 2012. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/ 71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Offering Circular dated 28 June 2012 which constitutes a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular dated 28 June 2012. Copies of such Offering Circular are available for viewing during normal business hours at [*address*] [and] [*website*] and copies may be obtained from [*address*].

[Include whichever of the following apply or specify as Not Applicable (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]

[If Notes issued by BCP Finance Bank, Ltd. have a maturity of less than one year, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

[*When adding any other final terms or information consideration should be given as to whether such terms or information (i) constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive or (ii) trigger the need for a new Offering Circular.*]

1.	[(i)]	Issuer:	[BCP Finance Bank Ltd. /Banco Comercial Português, S.A.]
	[(ii)	Guarantor:	[Unguaranteed/Banco Comercial Português, S.A. acting through its Macao branch. Considering that the Notes are expected to be subscribed primarily by international investors, such Notes are guaranteed by the Macao branch of Banco Comercial Português, S.A., which has an international business scope. Macao branch acting as a guarantor does not affect the fact that Banco Comecial Português, S.A. is a Portuguese entity and that investors rights are against Banco Comercial Português, S.A. only.]
2.	[(i)]	Series Number:	[ ]
	[(ii)]	Tranche Number:	[ ] *(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3.		Specified Currency or (in the case of Dual Currency Notes) Currencies:	[ ] (*Note: Book Entry Notes may only be issued in, Euro, U.S. dollars, Sterling, Japanese*

			yen, Swiss francs, Australian dollars and Canadian dollars or any other currency as can be settled through Interbolsa from time to time)
4.	Aggregate Nominal Amount:		
	–	Tranche:	[ ]
	–	Series:	[ ]
5.	Issue Price of Tranche:		[ ] per cent. (*in the case of fungible issues only, if applicable*) of the Aggregate Nominal Amount [plus accrued interest from [*insert date*]]
6.	(i)	Specified Denominations:	[ ] [ ] *(N.B. If an issue of Notes is (i) NOT issued with minimum integral amount in which transfers can be admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive, then the €1,000 minimum denomination is not required. In the case of Registered Notes, this means the minimum integral amount in which transfers can be made.)* *(N.B. Notes issued after the implementation of the 2010 PD Amending Directive in a Member State must have a minimum denomination of EUR 100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State.)* *(N.B. Book Entry Notes will only be tradable in one Specified Denomination.)*
	(ii)	Calculation Amount	[ ] *(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7.	(i)	Issue Date:	[ ]
	(ii)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable] *(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8.	Maturity Date:		[*Fixed rate — specify date/Floating rate —* Interest Payment Date falling in or nearest to [*specify month*]]
9.	Interest Basis:		[[ ] per cent. Fixed Rate] [[LIBOR/EURIBOR] +/-[ ] per cent.

		Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [*specify other*] (further particulars specified below)
10.	Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] *(N.B. If the Final Redemption Amount of each Note is other than 100 per cent. of its nominal value or if payment and/or delivery obligations are linked to an underlying, then the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)* [*specify other*]
11.	Change of Interest Basis or Redemption/Payment Basis:	*[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]*
12.	Put/Call Options:	[Investor Put] [Issuer Call] [(further particulars specified below)]
13.	[(i)] Status of the Notes:	[Senior/[Dated/Perpetual] Subordinated]
	[(ii) If Perpetual:	[Conditions attached/No]]
	[(iii) Date of [Board] approval:	[ ] [Not Applicable]]
14.	Method of distribution:	[Syndicated/Non-syndicated]
	(a) If syndicated, names of Managers and if non-syndicated, names of Dealers:	[give details]
	(b) Presumption that [Dealer(s)/Manager(s)] [is/are] selling as principal on [its/their] own account and not as agent is correct:	[Yes/No]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	**Fixed Rate Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i) Rate(s) of Interest:	[ ] per cent. per annum [payable [annually/semi-annually/quarterly/other (*specify*)] in arrear] *(If payable other than annually, consider amending Condition 5)*
	(ii) Interest Payment Date(s):	[[ ] in each year up to and including the Maturity Date/[*specify other*]] *(NB: This will need to be amended in the case of long or short coupons)*
	(iii) Fixed Coupon Amount(s):	[ ] per Calculation Amount

(*Applicable to Notes in definitive form*)

(iv)	Broken Amount(s): (*Applicable to Notes in definitive form*)	[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]
(v)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or *specify other*] *(NB: if interest is not payable on a regular basis (for example, if there are Broken Amounts specified) Actual/Actual (ICMA) may not be a suitable Day Count Fraction)*
(vi)	Determination Date(s):	[ ] in each year [*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*] *(NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration)* *(NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA))*
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/*Give details*]
16.	**Floating Rate Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
(ii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[*specify other*]] [Not Applicable]
(iii)	Additional Business Centre(s):	[ ]
(iv)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/*specify other*]
(v)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[ ]
(vi)	Screen Rate Determination: – Reference Rate:	[ ] *(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)*
	– Interest Determination Date(s):	[ ] *(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or Euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or Euro LIBOR)*

		– Relevant Screen Page:	[ ] *(In the case of EURIBOR, if not Reuters Page EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
	(vii)	ISDA Determination:	
		– Floating Rate Option:	[ ]
		– Designated Maturity:	[ ]
		– Reset Date:	[ ]
	(viii)	Margin(s):	[+/-] [ ] per cent. per annum
	(ix)	Minimum Rate of Interest:	[ ] per cent. per annum
	(x)	Maximum Rate of Interest:	[ ] per cent. per annum
	(xi)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 30E/360 (ISDA) *Other*] *(See Condition 5 for alternatives)*
	(xii)	Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[ ]
17.	**Zero Coupon Note Provisions**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Accrual Yield:	[ ] per cent. per annum
	(ii)	Reference Price:	[ ]
	(iii)	Any other formula/basis of determining amount payable:	[ ]
	(iv)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions [7(e) and 7(j)] apply/*specify other*] *(Consider applicable day count fraction if not U.S. dollar denominated)*
18.	**Index Linked Interest Note Provisions**		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)* *(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, then the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
	(i)	Index/Formula:	[*give or annex details*]

(ii)	Calculation Agent:	[*give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address*)]
(iii)	Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent):	[ ]
(iv)	Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[*Need to include a description of market disruption or settlement disruption events and adjustment provisions*]
(v)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
(vi)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]
(vii)	Additional Business Centre(s):	[ ]
(viii)	Minimum Rate of Interest:	[ ] per cent. per annum
(ix)	Maximum Rate of Interest:	[ ] per cent. per annum
(x)	Day Count Fraction:	[ ]
19.	**Dual Currency Note Provisions**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)* *(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, then the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex XII to the Prospectus Directive Regulation will apply.)*
(i)	Rate of Exchange/method of calculating Rate of Exchange:	[*give details*]
(ii)	Party, if any, responsible for calculating the principal and/or interest due (if not the Agent):	[ ]
(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[*Need to include a description of market disruption or settlement disruption events and adjustment provisions*]

PROVISIONS RELATING TO REDEMPTION

20.	**Issuer Call**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Optional Redemption Date(s):	[ ]
(ii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount/*specify other*/see Appendix]

(iii)	If redeemable in part: (a) Minimum Redemption Amount: (b) Higher Redemption Amount:	[ ] [ ] [ ]
(iv)	Notice period (if other than as set out in the Conditions):	[ ] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*
21.	**Investor Put**	[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
(i)	Optional Redemption Date(s):	[ ]
(ii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount/*specify other*/see Appendix]
(iii)	Notice period (if other than as set out in the Conditions):	[ ] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or, if applicable, Trustee)*
22.	**Final Redemption Amount of each Note**	[[ ] per Calculation Amount/*specify other*/see Appendix] *(N.B. If the Final Redemption Amount of each Note is other than 100 per cent. of its nominal value or if payment and/or delivery obligations are linked to an underlying, then the Notes will be derivative securities for the purposes of the Prospectus Directive and the Requirements of Annex XII to the Prospectus Directive Regulation will apply)*
	In cases where the Final Redemption Amount is Index-Linked or other variable-linked:	
(i)	Index/Formula/variable:	[*give or annex details*]
(ii)	Calculation Agent responsible for calculating the Final Redemption Amount:	[ ]
(iii)	Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	[ ]
(iv)	Determination Date(s):	[ ]

(v)	Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[ ]
(vi)	Payment Date:	[ ]
(vii)	Minimum Final Redemption Amount:	[ ]
(viii)	Maximum Final Redemption Amount:	[ ]
23.	Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition *7(e)*):	[[ ] per Calculation Amount/*specify other*/ see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes:

(a) Form:

[*Bearer Notes:*
Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]
[Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]
[*Registered Notes*:
Regulation S Global Note (U.S.$[ ] nominal amount)/Rule 144A Global Note (U.S.$[ ] nominal amount)/Definitive IAI Registered Notes (*specify nominal amounts*)]
Book Entry Notes:
[Book Entry Notes: *nominativas*/
Book Entry Notes: *ao portador*]
N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[ ] and integral multiples of [ ] in excess thereof up to and including [ ]. Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for Definitive Notes.

[*Notes shall not be physically delivered in Belgium, except to a clearing system, a depository, or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.*]

(*Ensure that this is consistent with the wording in the "Form of the Notes" section of the Offering Circular and the Notes themselves.*)

	(b) New Global Note:	[Yes] [No]
25.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/give details] *(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub paragraphs 16(iii) and 18(vii) relate)*
26.	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
27.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details. NB: new forms of Global Note may be required for Partly Paid issues.*]
28.	Details relating to Instalment Notes:	[Not Applicable/*give details*]
	(i) Instalment Amount(s):	[Not Applicable/*give details*]
	(ii) Instalment Date(s):	[Not Applicable/*give details*]
29.	Redenomination applicable:	Redenomination [not] applicable [*(if Redenomination is applicable, specify the terms of Redenomination in an Annex to the Final Terms)*]
30.	Other final terms:	[Not Applicable/*give details*] *(When adding any other final terms consideration should be given as to whether such terms (i) constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive or (ii) trigger the need for a new Offering Circular.)* [The Notes are considered complex financial instruments ("*produto financeiro complexo*") under Decree-Law no. 211-A/2008, of 3 November 2008 enacted by the Portuguese Government.] (*N.B. Include the wording above if the Notes are considered complex financial instruments under Decree-Law no. 211-A/2008, of 3 November 2008 enacted by the Portuguese Government ("produto financeiro complexo") and are placed with Portuguese residents.)* (*If the wording above has been included, include the following, as applicable:*) [There is a risk of total/partial loss of the invested capital. See [*paragraph/sub-paragraph*].] [The payment of Interest is not guaranteed. See [*paragraph/sub-paragraph*]] [It is not possible to request an Early Redemption.] [The Early Redemption by the Investor is penalised. See [*paragraph/sub-paragraph*]]

[Issuer Call option. See [*paragraph/sub-paragraph*]]
[*Please specify any custody, register and/or deposit costs and/or management commissions.*]

[Additional [margin / disbursement] may be required from the investor.]

(*N.B. Without prejudice to the above, on 24 January 2012, the CMVM launched a public consultation (consulta pública) envisioning the revision of the currently applicable CMVM Regulation no. 1/2009 on disclosure of information and marketing of complex financial products for the purposes of Decree-Law no. 211-A/2008, of 3 November 2008. Accordingly, rules in respect of disclosure of information and marketing of complex financial products are likely to change in a near future, although it is at this stage uncertain the exact scope of those variations and when will the same enter into force.*

When completing this paragraph, consider any amendments introduced by any such new rules that may have entered into force between the date hereof and the date of the applicable Final Terms.)

DISTRIBUTION

31.	(i)	If syndicated, names and addresses of Managers and underwriting commitments:	[Not Applicable/*give names, addresses and underwriting commitments*] *(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
	(ii)	Date of Syndication Agreement:	[ ]
	(iii)	Stabilising Manager(s) (if any):	[Not Applicable/*give name*] *(Consider including address and brief description of the main terms of its commitment as per paragraph 6.3 of Annex XII of the Prospectus Directive Regulation)*
32.		If non-syndicated, name and address of relevant Dealer:	[Not Applicable/*give name and address*]
33.		Total commission and concession:	[ ] per cent. of the Aggregate Nominal Amount
34.		U.S. Selling Restrictions:	[Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA rules not applicable]

35.	Non-exempt Offer:	[Not Applicable] [An offer of the Notes may be made by the Managers [and [*specify names of other financial intermediaries/placers making non-exempt offers, to the extent known OR consider a generic description of other parties involved in non-exempt offers (e.g. "other parties authorised by the Managers") or (if relevant) note that other parties may make non-exempt offers in the Public Offer Jurisdictions during the Offer Period, if not known*]] (together with the Managers, the **Financial Intermediaries**) other than pursuant to Article 3(2) of the Prospectus Directive in [*specify relevant Member State(s) – which must be jurisdictions where the Offering Circular and any supplements have been passported (in addition to the jurisdiction where approved and published)*] (**Public Offer Jurisdictions**) during the period from [*specify date*] until [*specify date or a formula such as "the Issue Date" or "the date which falls [ ] Business Days thereafter"*] (**Offer Period**). See further Paragraph 10 of Part B below.] *(N.B. Consider any local regulatory requirements necessary to be fulfilled so as to be able to make a non-exempt offer in relevant jurisdictions. No such offer should be made in any relevant jurisdiction until those requirements have been met. Non-exempt offers may only be made into jurisdictions in which the base prospectus (and any supplement) has been notified/passported.)*
36.	U.S. federal income tax considerations additional to those disclosed in the Offering Circular:	[Not Applicable/*give details*]
37.	Additional selling restrictions:	[Not Applicable/*give details*]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and] [public offer in the Public Offer Jurisdictions] [and] [admission to trading on [*specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)*]] of the Notes described herein pursuant to the EUR25,000,000,000 Euro Note Programme of Banco Comercial Português, S.A. and BCP Finance Bank, Ltd.

RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms. [[*Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index of its components*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:	[Signed on behalf of the Guarantor:
By: ..... *Duly authorised*	By: ..... *Duly authorised]*

PART B – OTHER INFORMATION

1.	Listing and Admission to Trading	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)*] with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)*] with effect from [ ].] [Not Applicable.] (*When documenting a fungible issue need to indicate that original Notes are already admitted to trading*) The Notes have not been specifically Rated.
2.	Ratings	[The Notes to be issued [Other]: [ ] have been/[are expected to be]] rated [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies)*].] [*Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.*] *(The above disclosure should state that the Notes have not been specifically rated or reflect the rating allocated to Notes, if the issue has been specifically rated.)* [[*Insert the legal name of the relevant CRA entity*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).] [As such [*insert the legal name of the relevant CRA entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]] [[*Insert the legal name of the relevant non-EU CRA entity*] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended)[. [*Insert the legal name of the relevant non-EU CRA entity*] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].]

[[*Insert the legal name of the relevant non-EU CRA entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation"). The ratings have been endorsed by [*insert the legal name of the relevant EU-registered CRA entity*] in accordance with the CRA Regulation. [*Insert the legal name of the relevant EU CRA entity*] is established in the European Union and registered under the CRA Regulation[. As such [*insert the legal name of the relevant EU CRA entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico (delete as appropriate)] which have been endorsed by [*insert the legal name of the relevant EU CRA entity that applied for registration*] may be used in the EU by the relevant market participants.]

[[*Insert the legal name of the relevant non-EU CRA entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation"), but it [is]/[has applied to be] certified in accordance with the CRA Regulation[[[EITHER:] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] [[OR:] although notification of the corresponding certification decision has not yet been provided by the European Securities and Markets Authority and [*insert the legal name of the relevant non-EU CRA entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

3. Interests of Natural and Legal Persons Involved in the Issue

[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – *Amend as appropriate if there are other interests*]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive*.)]

4. Reasons for the Offer, Estimated Net Proceeds and Total Expenses

[(i) Reasons for the offer

[ ]
(See ["Use of Proceeds"] wording in Offering Circular – if reasons for offer different from

making profit and/or hedging certain risks will need to include those reasons here.)]

[(ii)] Estimated net proceeds: [ ]

(If proceeds are intended for more than one use will need to split out and present in order of priority. If proceeds are insufficient to fund all proposed uses state amount and sources of other funding.)

[(iii)] Estimated total expenses: [ ]

[*Expenses are required to be broken down into each principal intended "use" and presented in order of priority of such "uses".*]
(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks regardless of the minimum denomination of the securities and where this is the case disclosure of net proceeds and total expenses at (ii) and (iii) above are also required)

5. Yield (*Fixed Rate Notes only*)

Indication of yield: [ ]

[Calculated as [*include details of method of calculation in summary form*] on the Issue Date.]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. Historic Interest Rates (*Floating Rate Notes only*)

Details of historic [LIBOR/EURIBOR/other] rates can be obtained from [Reuters].

7. Performance of Index/Formula, Explanation of Effect on Value of Investment and Associated Risks and Other Information Concerning the Underlying (*Index-Linked Notes only*)

[*If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.*]

(*N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.*)

[Need to include details of where past and future performance and volatility of the index/formula can be obtained.]

[*Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.*]

[*Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.*]

[*(When completing the above paragraphs, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)*]

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information.]

8. Performance of Rate[s] of Exchange and Explanation of Effect on Value of Investment (*Dual Currency Notes only*)

[*If there is a derivative component in the interest or the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, need to include a clear and comprehensive explanation of how the value of the investment is affected by the underlying and the circumstances when the risks are most evident.*]

(*N.B. The requirements below only apply if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.*)

[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]

[*(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)*]

9. Operational Information

(i)	ISIN Code:	[ ]
(ii)	Common Code:	[ ]
(iii)	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(iv)	Delivery:	Delivery [against/free of] payment
(v)	Names and addresses of additional Paying Agent(s) (if any):	[ ]
([vi)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes] [No] [Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [*include this text if "yes" selected and the Notes are not Book Entry Notes in which case the Notes must be issued in NGN form*] [Note that the designation "yes" simply means that the Notes are intended upon time to be registered with Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. in its capacity of securities settlement system and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day

		credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria [*include this text if "yes" is selected and the Notes are Book Entry Notes*]
10.	Terms and Conditions of the Offer	
	Offer Price:	[Issue Price/Not Applicable/*specify*]
	[Conditions to which the offer is subject:]	[Not Applicable/*give details*]
	[Description of the application process]:	[Not Applicable/*give details*]
	[Details of the minimum and/or maximum amount of application]:	[Not Applicable/*give details*]
	[Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants]:	[Not Applicable/*give details*]
	[Details of the method and time limits for paying up and delivering the Notes:]	[Not Applicable/*give details*]
	[Manner in and date on which results of the offer are to be made public:]	[Not Applicable/*give details*]
	[Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:]	[Not Applicable/*give details*]
	[Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:]	[Not Applicable/*give details*]
	[Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:]	[Not Applicable/*give details*]
	[Amount of any expenses and taxes specifically charged to the subscriber or purchaser:]	[Not Applicable/*give details*]
	[Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.]	[None/*give details*]

FORM OF FINAL TERMS

Set out below is the form of Final Terms, which will be completed for each Tranche of Notes issued under the Programme with a denomination of at least EUR 100,000 (or its equivalent in another currency).

FINAL TERMS

[*Date*]

[BCP Finance Bank, Ltd. ("BCP Finance")/Banco Comercial Português, S.A. (the "Bank")][(1)]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
[Guaranteed by Banco Comercial Português, S.A.][(1)]
under the EUR25,000,000,000
Euro Note Programme

PART A – CONTRACTUAL TERMS

This document constitutes the Final Terms relating to the issue of Notes described herein.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 28 June 2012 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular is available for viewing during normal business hours at [*address*] and [*website*] and copies may be obtained from [*address*].

The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Circular with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the Offering Circular dated [*original date*] which are incorporated by reference in the Offering Circular dated 28 June 2012. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/ 71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Offering Circular dated 28 June 2012 which constitutes a base prospectus for the purposes of the Prospectus Directive. Full information on the Issuer[, the Guarantor] and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular dated 28 June 2012 and [*original date*]. Copies of such Offering Circulars are available for viewing during normal business hours at [*address*] [and] [*website*] and copies may be obtained from [*address*].

[Include whichever of the following apply or specify as Not Applicable (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.]

[If Notes issued by BCP Finance Bank, Ltd. have a maturity of less than one year, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

[*When adding any other final terms or information consideration should be given as to whether such terms or information (i) constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive or (ii) trigger the need for a new Offering Circular.*]

1.	[(i)]	Issuer:	[BCP Finance Bank Ltd. /Banco Comercial Português, S.A.]
	[(ii)	Guarantor:	[Unguaranteed/Banco Comercial Português, S.A. acting through its Macao branch. Considering that the Notes are expected to be

(1) Delete as appropriate

			subscribed primarily by international investors, such Notes are guaranteed by the Macao branch of Banco Comercial Português, S.A., which has an international business scope. Macao branch acting as a guarantor does not affect the fact that Banco Comecial Português, S.A. is a Portuguese entity and that investors rights are against Banco Comercial Português, S.A. only.]
2.	[(i)]	Series Number:	[ ]
	[(ii)]	Tranche Number:	[ ] *(If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible)*
3.		Specified Currency or (in the case of Dual Currency Notes) Currencies:	[ ] (*Note: Book Entry Notes may only be issued in Euro, U.S. dollars, Sterling, Japanese yen, Swiss francs, Australian dollars and Canadian dollars or any other currency as can be settled through Interbolsa from time to time*)
4.		Aggregate Nominal Amount:	
	–	Tranche:	[ ]
	–	Series:	[ ]
5.		Issue Price of Tranche:	[ ] per cent. (*in the case of fungible issues only, if applicable*) of the Aggregate Nominal Amount [plus accrued interest from [*insert date*]]
6.	(i)	Specified Denominations:	[ ] [ ] *(N.B. Following the entry into force of the 2010 PD Amending Directive on 31 December 2010, Notes to be admitted to trading on a regulated market within the European Economic Area with a maturity date which will fall after the implementation date of the 2010 PD Amending Directive in the relevant European Economic Area Member State (which is due to be no later than 1 July 2012) must have a minimum denomination of EUR 100,000 (or equivalent) in order to benefit from Transparency Directive exemptions in respect of wholesale securities. Similarly, Notes issued after the implementation of the 2010 PD Amending Directive in a Member State must have a minimum denomination of EUR 100,000 (or equivalent) in order to benefit from the wholesale exemption set out in Article 3.2(d) of the Prospectus Directive in that Member State.)* *(Note – where multiple denominations above [€100,000] or equivalent are being used the following sample wording should be followed:*

			"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].") *(N.B. If an issue of Notes is (i) NOT minimum integral amount in which transfers can be admitted to trading on an European Economic Area exchange; and (ii) only offered in the European Economic Area in circumstances where a prospectus is not required to be published under the Prospectus Directive the €100,000 minimum denomination is not required. In the case of Registered Notes, this means the minimum integral amount in which transfers can be made.)* *(NB: Book Entry Notes will only be tradable in one Specified Denomination.)*
	(ii)	Calculation Amount	[ ] *(If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)*
7.	(i)	Issue Date:	[ ]
	(ii)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable] *(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8.		Maturity Date:	[*Fixed rate — specify date/Floating rate —* Interest Payment Date falling in or nearest to [*specify month*]]
9.		Interest Basis:	[[ ] per cent. Fixed Rate] [[LIBOR/EURIBOR] +/-[ ] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [*specify other*] (further particulars specified below)
10.		Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] [*specify other*] *(N.B. If the Final Redemption Amount of each Note is other than 100 per cent. of its nominal value or if payment and/or delivery obligations are linked to an underlying, then the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of*

			Annex XII to the Prospectus Directive Regulation will apply.)
11.	Change of Interest Basis or Redemption/Payment Basis:		*[Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis]*
12.	Put/Call Options:		[Investor Put] [Issuer Call] [(further particulars specified below)]
13.	[(i)]	Status of the Notes:	[Senior/[Dated/Perpetual] Subordinated]
	[(ii)	If Perpetual:	[Conditions attached/No]]
	[(iii)	Date of [Board] approval:	[ ] [Not Applicable]
14.	Method of distribution:		[Syndicated/Non-syndicated]
	(a)	If syndicated, names of Managers and if non-syndicated, names of Dealers:	[give details]
	(b)	Presumption that [Dealer(s)/Manager(s)] [is/are] selling as principal on [its/their] own account and not as agent is correct:	[Yes/No]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	**Fixed Rate Note Provisions**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Rate(s) of Interest:	[ ] per cent. per annum [payable [annually/semi-annually/quarterly/other (*specify*)] in arrear] *(If payable other than annually, consider amending Condition 5)*
	(ii)	Interest Payment Date(s):	[[ ] in each year up to and including the Maturity Date/[*specify other*]] *(NB: This will need to be amended in the case of long or short coupons)*
	(iii)	Fixed Coupon Amount(s): (*Applicable to Notes in definitive form*)	[ ] per Calculation Amount
	(iv)	Broken Amount(s): (*Applicable to Notes in definitive form*)	[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]
	(v)	Day Count Fraction:	[30/360 or Actual/Actual (ICMA) or *specify other*] *(NB: if interest is not payable on a regular basis (for example, if there are Broken Amounts specified) Actual/Actual (ICMA) may not be a suitable Day Count Fraction)*
	(vi)	Determination Date(s):	[ ] in each year [*Insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*] *(NB: This will need to be amended in the case of regular interest payment dates which are not of equal duration)*

			(NB: Only relevant where Day Count Fraction is Actual/Actual (ICMA))
	(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/*Give details*]
16.	**Floating Rate Note Provisions**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
	(ii)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/[*specify other*]] [Not Applicable]
	(iii)	Additional Business Centre(s):	[ ]
	(iv)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/*specify other*]
	(v)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[ ]
	(vi)	Screen Rate Determination:	
		– Reference Rate:	[ ] *(Either LIBOR, EURIBOR or other, although additional information is required if other – including fallback provisions in the Agency Agreement)*
		– Interest Determination Date(s):	[ ] *(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or Euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or Euro LIBOR)*
		– Relevant Screen Page:	[ ] *(In the case of EURIBOR, if not Reuters Page EURIBOR 01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*
	(vii)	ISDA Determination:	
		– Floating Rate Option:	[ ]
		– Designated Maturity:	[ ]
		– Reset Date:	[ ]
	(viii)	Margin(s):	[+/-] [ ] per cent. per annum
	(ix)	Minimum Rate of Interest:	[ ] per cent. per annum
	(x)	Maximum Rate of Interest:	[ ] per cent. per annum

	(xi)	Day Count Fraction:	[Actual/Actual (ISDA) Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 30/360 30E/360 30E/360 (ISDA) *Other*] *(See Condition 5 for alternatives)*
	(xii)	Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[ ]
17.	**Zero Coupon Note Provisions**		[Applicable/Not Applicable] *(If not applicable, delete the remaining sub-paragraphs of this paragraph)*
	(i)	Accrual Yield:	[ ] per cent. per annum
	(ii)	Reference Price:	[ ]
	(iii)	Any other formula/basis of determining amount payable:	[ ]
	(iv)	Day Count Fraction in relation to Early Redemption Amounts and late payment:	[Conditions [7(e) and 7(j)] apply/*specify other*] *(Consider applicable day count fraction if not U.S. dollar denominated)*
18.	**Index Linked Interest Note Provisions**		[Applicable/Not Applicable] *(If not applicable, delete the remaining subparagraphs of this paragraph)* *(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, then the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex VII to the Prospectus Directive Regulation will apply.)*
	(i)	Index/Formula:	[*give or annex details*]
	(ii)	Calculation Agent:	[*give name (and, if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, address)*]
	(iii)	Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent):	[ ]
	(iv)	Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[*Need to include a description of market disruption or settlement disruption events and adjustment provisions*]
	(v)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
	(vi)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/*specify other*]

(vii)	Additional Business Centre(s):	[ ]
(viii)	Minimum Rate of Interest:	[ ] per cent. per annum
(ix)	Maximum Rate of Interest:	[ ] per cent. per annum
(x)	Day Count Fraction:	[ ]

19. **Dual Currency Note Provisions**

[Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(N.B. If the Final Redemption Amount is other than 100 per cent. of the nominal value, then the Notes will be derivative securities for the purposes of the Prospectus Directive and the requirements of Annex VII to the Prospectus Directive Regulation will apply.)

(i)	Rate of Exchange/method of calculating Rate of Exchange:	[*give details*]
(ii)	Party, if any, responsible for calculating the principal and/or interest due (if not the Agent):	[ ]
(iii)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[*Need to include a description of market disruption or settlement disruption events and adjustment provisions*]

PROVISIONS RELATING TO REDEMPTION

20. **Issuer Call**

[Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i)	Optional Redemption Date(s):	[ ]
(ii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount/*specify other*/see Appendix]
(iii)	If redeemable in part: (a) Minimum Redemption Amount: (b) Higher Redemption Amount:	[ ] [ ] [ ]
(iv)	Notice period (if other than as set out in the Conditions):	[ ] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee)*

21. **Investor Put**

[Applicable/Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

(i)	Optional Redemption Date(s):	[ ]

	(ii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount/*specify other*/see Appendix]
	(iii)	Notice period (if other than as set out in the Conditions):	[ ] *(N.B. If setting notice periods which are different to those provided in the Conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or, if applicable, Trustee)*
22.	**Final Redemption Amount of each Note**		[[ ] per Calculation Amount/*specify other*/see Appendix] *(N.B. If the Final Redemption Amount of each Note is other than 100 per cent. of its nominal value or if payment and/or delivery obligations are linked to an underlying, then the Notes will be derivative securities for the purposes of the Prospectus Directive and the Requirements of Annex XII to the Prospectus Directive Regulation will apply)*
	In cases where the Final Redemption Amount is Index-Linked or other variable-linked:		
	(i)	Index/Formula/variable:	[*give or annex details*]
	(ii)	Calculation Agent responsible for calculating the Final Redemption Amount:	[ ]
	(iii)	Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	[ ]
	(iv)	Determination Date(s):	[ ]
	(v)	Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	[ ]
	(vi)	Payment Date:	[ ]
	(vii)	Minimum Final Redemption Amount:	[ ]
	(viii)	Maximum Final Redemption Amount:	[ ]
23.	Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition *7(e)*):		[[ ] per Calculation Amount/*specify other*/see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24.	Form of Notes:	
	(a) Form:	[*Bearer Notes:* Temporary Bearer Global Note exchangeable for a Permanent Bearer Global Note which is exchangeable for Definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event] [Temporary Bearer Global Note exchangeable for Definitive Notes on and after the Exchange Date]] [*Registered Notes*: Regulation S Global Note (U.S.$[ ] nominal amount)/Rule 144A Global Note (U.S.$[ ] nominal amount)/Definitive IAI Registered Notes (*specify nominal amounts*)] [*Book Entry Notes:* Book Entry Notes (*[nominativas/ao portador]*)] [*Notes shall not be physically delivered in Belgium, except to a clearing system, a depository, or other institution for the purpose of their immobilisation in accordance with article 4 of the Belgian Law of 14 December 2005.*] (*Ensure that this is consistent with the wording in the "Form of the Notes" section of the Offering Circular and the Notes themselves.*) *N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 6 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for Definitive Notes.*
	(b) New Global Note:	[Yes] [No]
25.	Additional Financial Centre(s) or other special provisions relating to Payment Dates:	[Not Applicable/give details] *(Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub paragraphs 16(iii) and 18(vii) relate)*
26.	Talons for future Coupons or Receipts to be attached to Definitive Bearer Notes (and dates on which such Talons mature):	[Yes/No. *If yes, give details*]
27.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment:	[Not Applicable/*give details. NB: new forms of Global Note may be required for Partly Paid issues.*]

28.	Details relating to Instalment Notes:	[Not Applicable/*give details*]
	(i) Instalment Amount(s):	[Not Applicable/*give details*]
	(ii) Instalment Date(s):	[Not Applicable/*give details*]
29.	Redenomination applicable:	Redenomination [not] applicable [*(if Redenomination is applicable, specify the terms of Redenomination in an Annex to the Final Terms)*]
30.	Other final terms:	[Not Applicable/*give details*] *(When adding any other final terms consideration should be given as to whether such terms (i) constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive or (ii) trigger the need for a new Offering Circular.)* (Consider including a term providing for tax certification if required to enable interest to be paid gross by issuers) [The Notes are considered complex financial instruments ("*produto financeiro complexo*") under Decree-Law no. 211-A/2008, of 3 November 2008 enacted by the Portuguese Government.] (*N.B. Include the wording above if the Notes are considered complex financial instruments under Decree-Law no. 211-A/2008, of 3 November 2008 enacted by the Portuguese Government ("produto financeiro complexo") and are placed with Portuguese residents.)* (*If the wording above has been included, include the following, as applicable:*) [There is a risk of total/partial loss of the invested capital. See [*paragraph/sub-paragraph*].] [The payment of Interest is not guaranteed. See [*paragraph/sub-paragraph*]] [It is not possible to request an Early Redemption.] [The Early Redemption by the Investor is penalised. See [*paragraph/sub-paragraph*]] [Issuer Call option. See [*paragraph/sub-paragraph*]] [*Please specify any custody, register and/or deposit costs and/or management commissions.*] [Additional [margin / disbursement] may be required from the investor.] (*N.B. Without prejudice to the above, on 24 January 2012, the CMVM launched a public consultation (consulta pública) envisioning the revision of the currently applicable CMVM Regulation no. 1/2009 on disclosure of*

information and marketing of complex financial products for the purposes of Decree-Law no. 211-A/2008, of 3 November 2008. Accordingly, rules in respect of disclosure of information and marketing of complex financial products are likely to change in a near future, although it is at this stage uncertain the exact scope of those variations and when will the same enter into force.

When completing this paragraph, consider any amendments introduced by any such new rules that may have entered into force between the date hereof and the date of the applicable Final Terms.)

DISTRIBUTION

31.	(i)	If syndicated, names of Managers:	[Not Applicable/*give names*] *(If the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies, include names of entities agreeing to underwrite the issue on a firm commitment basis and names of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as the Managers.)*
	(ii)	Date of Syndication Agreement:	[ ] *(The above is only relevant if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies).*
	(iii)	Stabilising Manager(s) (if any):	[Not Applicable/*give name*] *(Consider including address and brief description of the main terms of its commitment as per paragraph 6.3 of Annex XII of the Prospectus Directive Regulation)*
32.		If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
33.		U.S. Selling Restrictions:	[Reg. S Compliance Category 2; TEFRA D/TEFRA C/TEFRA rules not applicable]
34.		U.S. federal income tax considerations additional to those disclosed in the Offering Circular:	[Not Applicable/*give details*]
35.		Additional selling restrictions:	[Not Applicable/*give details*]

PURPOSE OF FINAL TERMS

These Final Terms comprise the final terms required for issue [and admission to trading on [*specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)*]] of the Notes described herein pursuant to the EUR25,000,000,000 Euro Note Programme of Banco Comercial Português, S.A., and BCP Finance Bank, Ltd.

RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in these Final Terms. [[*Relevant third party information, for example in compliance with Annex XII to the Prospectus Directive Regulation in relation to an index of its components*] has been extracted from [*specify source*]. The Issuer

confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading].

Signed on behalf of the Issuer:

By: .....
Duly authorised

[Signed on behalf of the Guarantor:

By: .....
Duly authorised]

PART B – OTHER INFORMATION

1. Listing and Admission to Trading

(i)	Listing and Admission to Trading	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)*] with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's regulated market or the Regulated Market of the Irish Stock Exchange) and, if relevant, listing on an official list (for example, the Official List of the UK Listing Authority)*] with effect from [ ].] [Not Applicable.]
(ii)	Estimate of total expenses related to admission to trading:	[ ]

2. Ratings

The Notes have not been Rated.

[The Notes to be issued [[have been/[are expected to be]] rated [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies)*].]

(The above disclosure should state that the Notes have not been specifically rated or reflect the rating allocated to Notes, if the issue has been specifically rated.)

[[*Insert the legal name of the relevant CRA entity*] is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended).] [As such [*insert the legal name of the relevant CRA entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation.]]

[[*Insert the legal name of the relevant non-EU CRA entity*] is not established in the European Union and is not registered in accordance with Regulation (EC) No. 1060/2009 (as amended)[. [*Insert the legal name of the relevant non-EU CRA entity*] is therefore not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation].]

[[*Insert the legal name of the relevant non-EU CRA entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation"). The ratings have been endorsed by [*insert the legal name of the relevant EU-registered CRA entity*] in accordance with the CRA Regulation. [*Insert the legal name of the relevant EU CRA entity*] is established in the European Union and registered under the CRA Regulation[. As such [*insert the legal name of the relevant EU CRA entity*] is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].] The European Securities Markets Authority has indicated that ratings issued in [Japan/Australia/the USA/Canada/Hong Kong/Singapore/Argentina/Mexico (delete as appropriate)] which have been endorsed by [*insert the legal name of the relevant EU CRA entity that applied for registration*] may be used in the EU by the relevant market participants.]

[[*Insert the legal name of the relevant non-EU CRA entity*] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation"), but it [is]/[has applied to be] certified in accordance with the CRA Regulation[[[EITHER:] and it is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation] [[OR:] although notification of the corresponding certification decision has not yet been provided by the European Securities and Markets Authority and [*insert the legal name of the relevant non-EU CRA entity*] is not included in the list of credit rating agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation].]

3. Interests of Natural and Legal Persons Involved in the Issue

[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. – *Amend as appropriate if there are other interests*]

[(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive*.)]

4. Reasons for the Offer, Estimated Net Proceeds and Total Expenses

[(i)]	Reasons for the offer	[ ]
[(ii)]	Estimated net proceeds:	[ ]

[(iii)] Estimated total expenses: [ ]

(Delete unless the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies in which case (i) above is required where the reasons for the offer are different from making profit and/or hedging certain risks regardless of the minimum denomination of the securities and where this is the case disclosure of net proceeds and total expenses at (ii) and (iii) above are also required)

5. Yield (*Fixed Rate Notes only*)

Indication of yield: [ ]

The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. Performance of Index/Formula, and Other Information Concerning the Underlying (*Index-Linked Notes only*)

[*Need to include details of where past and future performance and volatility of the index/formula can be obtained.*]

[*Where the underlying is an index need to include the name of the index and a description if composed by the Issuer and if the index is not composed by the Issuer need to include details of where the information about the index can be obtained.*]

[*Include other information concerning the underlying required by paragraph 4.2 of Annex XII of the Prospectus Directive Regulation.*]

[*(When completing the above paragraphs, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)*]

The Issuer [intends to provide post-issuance information [*specify what information will be reported and where it can be obtained*]] [does not intend to provide post-issuance information.]

(N.B. This paragraph 6 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

7. Performance of Rate[s] of Exchange (*Dual Currency Notes only*)

[Need to include details of where past and future performance and volatility of the relevant rates can be obtained.]

(When completing this paragraph, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Offering Circular under Article 16 of the Prospectus Directive.)

(N.B. This paragraph 7 only applies if the Notes are derivative securities to which Annex XII of the Prospectus Directive Regulation applies.)

8. Operational Information

(i) ISIN Code: [ ]

(ii) Common Code: [ ]

(iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, société anonyme and the relevant identification number(s): [Not Applicable/*give name(s) and number(s)*]

(iv)	Delivery:	Delivery [against/free of] payment
(v)	Names and addresses of additional Paying Agent(s) (if any):	[ ]
([vi)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes] [No] [Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [*include this text if "yes" selected and the Notes are not Book Entry Notes in which case the Notes must be issued in NGN form*] [Note that the designation "yes" simply means that the Notes are intended upon time to be registered with Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A. in its capacity of securities settlement system and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria [*include this text if "yes" is selected and the Notes are Book Entry Notes*]

If the applicable Final Terms specifies any modification to the Terms and Conditions of the Notes as described herein, it is envisaged that, to the extent that such modification relates only to Conditions 5, 6, 7 (except Condition 7*(b)*), 12, 13, 14, 15 (insofar as such Notes are not listed on any stock exchange or any other relevant authority or authorities) or 17, they will not necessitate the preparation of a supplement to this Offering Circular. If the Terms and Conditions of the Notes of any Series are to be modified in any other respect, a supplement to this Offering Circular will be prepared, if appropriate.

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of Notes which will be incorporated by reference into each global Note or Book Entry Note and which will be endorsed on or attached to (or, if permitted by the relevant stock exchange or other relevant authority and agreed between the relevant Issuer and the relevant Dealer, incorporated by reference into) each definitive Note. The applicable Final Terms in relation to any Notes supplements the following Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions and provided that such Notes are not intended to be listed or offered to the public in the United Kingdom in circumstances which require the publication of a prospectus under the Prospectus Directive, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms will be incorporated into, or attached to, each Temporary Bearer Global Note, Permanent Bearer Global Note, Registered Global Note, Book Entry Note and definitive Note. Reference should be made to "Form of the Notes" above for the form of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued as specified in the Final Terms relating to this Note (the "**applicable Final Terms**") either by Banco Comercial Português, S.A. (the "Bank"), or by BCP Finance Bank, Ltd. ("**BCP Finance**" and, together with the Bank in its capacity as an issuer of Notes, the "**Issuers**" and each an "**Issuer**"). References in these Terms and Conditions to the "Issuer" shall be references to the party specified as the Issuer in the applicable Final Terms. This Note other than a Book Entry Note (as defined below) is constituted by a Trust Deed dated 8 October, 1998 (such Trust Deed as amended and/or restated and/or supplemented from time to time, the "**Trust Deed**") made between the Issuers and The Law Debenture Trust Corporation p.l.c. as trustee (the "**Trustee**", which expression shall include any successor trustee). Notes in book entry form ("**Book Entry Notes**") are integrated in the Interbolsa book-entry system and governed by these conditions and a deed poll given by the Bank in favour of the holders of Book Entry Notes dated 28 June 2012 (the "**Instrument**"). References herein to the "Notes" shall be references to the Notes of this Series and shall mean (i) in relation to any Notes represented by a global Note, units of the lowest Specified Denomination in the Specified Currency (each as defined below), (ii) definitive Bearer Notes issued in exchange (or part exchange) for a global Note, (iii) definitive Registered Notes, (iv) Book Entry Notes and (v) any global Note. The Notes, the Receipts (as defined below) and the Coupons (as defined below) also have the benefit of an Agency Agreement dated 8 October, 1998 (such Agency Agreement as amended and/or restated and/or supplemented from time to time, the "**Agency Agreement**") and made between the Issuers, Citibank, N.A., London Branch, as issuing and principal paying agent and agent bank (the "**Agent**", which expression shall include any successor agent specified in the applicable Final Terms), the other paying agents named therein (together with the Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents), Citibank, N.A., New York Branch, as registrar (the "**Registrar**", which expression shall include any successor registrar), the transfer agents named therein (the "**Transfer Agents**", which expression shall include any additional or successor transfer agents), Citibank, N.A., New York Branch, as exchange agent (the "**Exchange Agent**", which expression shall include any successor exchange agent), Banco Comercial Português, S.A., as Portuguese paying agent (the "**Portuguese Paying Agent**" which expression shall include any successor Portuguese paying agent) and the Trustee.

Interest bearing definitive Bearer Notes have interest coupons ("**Coupons**"), unless otherwise indicated in the applicable Final Terms and, if indicated in the applicable Final Terms, talons for further Coupons ("**Talons**") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Definitive Bearer Notes repayable in instalments have receipts ("**Receipts**") for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes, in definitive or global form, do not have Receipts or Coupons attached on issue.

The applicable Final Terms for this Note is attached hereto or (to the extent relevant) incorporated herein and supplements these Terms and Conditions (the "**Conditions**") and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purposes of this Note.

The applicable Final Terms will state in particular whether this Note is (i) a senior Note issued by BCP Finance or the Bank (a "**Senior Note**") or (ii) a subordinated Note issued by BCP Finance or the Bank (a "**Subordinated Note**").

Pursuant to the Trust Deed, the Trustee acts for the benefit of the holders of the Notes being in the case of Bearer Notes, the bearers thereof, in the case of Registered Notes, the persons in whose name the Notes are

registered and in the case of Book Entry Notes, the persons shown in the individual securities accounts held with an Affiliated Member of the Interbolsa (the "**Book Entry Noteholders**" and together with the holders of Bearer Notes and Registered Notes, the "**Noteholders**", which expression shall, in relation to any Notes represented by a global Note, be construed as provided below), the holders of the Receipts (the "**Receiptholders**") and the holders of the Coupons (the "**Couponholders**", which expression shall, unless the context otherwise requires, include the holders of the Talons), all in accordance with the provisions of the Trust Deed.

As used herein, "**Tranche**" means all Notes with the same Issue Date and which are the subject of the same Final Terms and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (i) expressed to be consolidated and form a single series and (ii) are identical in all respects (including as to listing) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed, the Agency Agreement and the applicable Final Terms are available for inspection at the registered office of the Trustee, being at 28 June 2012 at Fifth Floor, 100 Wood Street, London EC2V 7EX and at the specified office of each of the Paying Agents, the Registrar and the Transfer Agents save that a Final Terms relating to a Note not listed on any stock exchange will only be available for inspection by the relevant Dealer specified in the applicable Final Terms and, upon proof satisfactory to the Trustee, the Registrar or the relevant Paying Agent or Transfer Agent, as the case may be, as to identity, by the holder of any Note to which such Final Terms relates. The Noteholders, the Receiptholders and the Couponholders (including the Book Entry Noteholders) are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, or, in the case of holders of Book Entry Notes, those of the provisions of the Trust Deed that are applicable to them and the Instrument, the Agency Agreement and the applicable Final Terms which are binding on them. These Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed.

Words and expressions defined in the Trust Deed, the Instrument or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the Trust Deed, the Trust Deed will prevail that, in the event of inconsistency between the Agency Agreement and the Instrument, the Instrument will prevail, that, in the event of any inconsistency between the Trust Deed and the Instrument, the Instrument will prevail, and that, in the event of inconsistency between the Agency Agreement, the Instrument or the Trust Deed and the applicable Final Terms, the applicable Final Terms will prevail.

In these Conditions, Euro means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. Form, Denomination and Title

The Notes may be in bearer form ("**Bearer Notes**") and/or in registered form ("**Registered Notes**") and/or in book entry form (*forma escritural*) and can either be *nominativas* (in which case Interbolsa, at the Issuer's request, can ask the Affiliated Members for information regarding the identity of the Noteholders and transmit such information to the Issuer) or *ao portador* (in which case Interbolsa cannot inform the Issuer of the identity of the Noteholders), ("**Book Entry Notes**"), as specified in the applicable Final Terms, and, in the case of definitive Notes, will be serially numbered, in the Specified Currency and the Specified Denomination(s). Save as provided below in Condition 12, Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note is a Senior Note or a Subordinated Note, as indicated in the applicable Final Terms.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note (where payment in respect of interest is linked to an index and/or a formula), a Dual Currency Interest Note, an Indexed Redemption Amount Note (where payment in respect of principal is linked to an index and/or a formula), a Dual Currency Redemption Note or a Partly Paid Note or any appropriate combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms. It is also a Dual Currency Note, a Partly Paid Note, an Index Linked Interest Note and an Indexed Redemption Amount Note if, in each case, the applicable Final Terms so indicates and, in such case, the appropriate provisions of these Terms and Conditions will apply accordingly.

Bearer Notes in definitive form are issued with Coupons and (if applicable) Receipts and Talons attached, unless they are Zero Coupon Notes in which case references to interest and Coupons and Couponholders in these Terms and Conditions are not applicable.

Subject as set out below, title to Bearer Notes, Receipts and Coupons will pass by delivery. Title to Registered Notes will pass upon registration of transfers in the books of the Registrar in New York City. Title to the Book Entry Notes passes upon registration in the relevant individual securities accounts held with an Affiliated Member of Interbolsa.

Subject as set out below, the Issuer, the Bank (when the Notes benefit from the Guarantee (as defined in Condition 4)), the Trustee, any Paying Agent, the Registrar, the Exchange Agent and any Transfer Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and any person in whose name a Registered Note or a Book Entry Note is registered as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any global Note, without prejudice to the provisions set out in the next paragraph.

For so long as any of the Notes is represented by a Global Note held by a common depositary or common safekeeper on behalf of Clearstream, Luxembourg and/or Euroclear as defined below, each person who is for the time being shown in the records of Clearstream, Luxembourg or Euroclear as entitled to a particular nominal amount of such Notes (in which regard any certificate or other document issued by Clearstream, Luxembourg or Euroclear as to the nominal amount of Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Bank (when the Notes benefit from the Guarantee), the Trustee and the Paying Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose such common depositary or common safekeeper shall be treated by the Issuer, the Bank (when the Notes benefit from the Guarantee), the Trustee and the Paying Agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly.

For so long as any of the Notes is represented by a Registered Global Note registered in the name of The Depository Trust Company ("**DTC**") or its nominee, each person who is for the time being shown in the records of DTC or such nominee as the holder of a particular nominal amount of such Notes shall be treated by the Issuer, the Bank (when the Notes benefit from the Guarantee), the Trustee, the Paying Agents and the Registrar as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on, or voting, giving consents or making requests in respect of, such nominal amount of such Notes for which purpose DTC or, in the case of payments only, its nominee shall be treated by the Issuer, the Bank (when the Notes benefit from the Guarantee), the Trustee, the Paying Agents and the Registrar as the holder of such nominal amount of such Notes in accordance with and subject to the terms of such Registered Global Note; and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

References herein to DTC and/or Clearstream, Luxembourg and/or Euroclear shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer, the Bank (when the Notes benefit from the Guarantee), the Agent and the Trustee and specified in the applicable Final Terms.

Notes which are represented by a global Note will be transferable only in accordance with the rules and procedures for the time being of Clearstream, Luxembourg, Euroclear or DTC, as the case may be.

2. Status of the Notes

(a) In the case of Senior Notes

If the Notes are specified as Senior Notes in the applicable Final Terms, the Notes and the relative Receipts and Coupons are direct, unconditional, unsecured (subject to the provisions of Condition 3) and

unsubordinated obligations of the Issuer and rank and will rank *pari passu* among themselves and with all present and future unsecured (subject as aforesaid) and unsubordinated obligations of the Issuer, save for those that have been accorded by law preferential rights.

(b) In the case of Subordinated Notes of BCP Finance

If the Notes are specified as Subordinated Notes and the Issuer is specified as BCP Finance in the applicable Final Terms, the Notes and the relative Receipts and Coupons are direct, unconditional and unsecured obligations of BCP Finance subordinated as provided below and rank and will rank *pari passu* among themselves.

The claims of the holders of the Notes and the relative Receipts and Coupons against BCP Finance in respect of payments pursuant to the Notes and the relative Receipts and Coupons will, in the event of the winding up of BCP Finance, be subordinated to the claims of all Senior Creditors of BCP Finance in accordance with the provisions of the Trust Deed. "**Senior Creditors of BCP Finance**" means all secured creditors of BCP Finance and all other creditors of BCP Finance except those whose claims are or are expressed to be subordinated, in the event of the winding up of BCP Finance, to the right to payment of all unsubordinated creditors of BCP Finance.

(c) In the case of Subordinated Notes of the Bank

If the Notes are specified as Subordinated Notes and the Issuer is specified as the Bank in the applicable Final Terms, the Notes and the relative Receipts and Coupons are direct, unconditional and unsecured obligations of the Bank, save that the claims of the holders of the Notes and the relative Receipts and Coupons in respect of payments pursuant thereto will, in the event of the winding up of the Bank, (to the extent permitted by Portuguese law) be subordinated to the claims of all Senior Creditors of the Bank. The subordination of the Notes is for the benefit of the Bank and all Senior Creditors of the Bank. "**Senior Creditors of the Bank**" means all secured creditors of the Bank and all other creditors of the Bank except those whose claims rank or are expressed to rank *pari passu* with or junior to the claims of the holders of the Notes and the relative Receipts and Coupons.

3. Negative Pledge

This Condition 3 shall apply only to Senior Notes and references to "**Notes**", "**Noteholders**", "**Receiptholders**" and "**Couponholders**" shall be construed accordingly.

So long as any of the Notes remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Bank (when the Notes benefit from the Guarantee) shall create or permit to be outstanding any mortgage, charge, lien, pledge or other similar encumbrance or security interest (each a "**security interest**") upon the whole or any part of its undertaking or assets, present or future (including any uncalled capital if applicable), to secure any Indebtedness (as defined below) or to secure any guarantee or indemnity given in respect of any Indebtedness, without, in the case of the creation of a security interest, at the same time and, in any other case, promptly according to the Noteholders, the Receiptholders and the Couponholders an equal and rateable interest in the same or, at the option of the relevant Issuer, providing to the Noteholders, the Receiptholders and the Couponholders such other security as the Trustee shall, in its absolute discretion, deem to be not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders save that the Issuer or the Bank (when the Notes benefit from the Guarantee) may create or permit to subsist a security interest to secure Indebtedness and/or any guarantee or indemnity given in respect of Indebtedness of any person, in each case as aforesaid, (but without the obligation to accord or provide to the Noteholders, the Receiptholders and the Couponholders either, an equal and rateable interest in the same or such other security as aforesaid) where such security interest:

(a) is only over such part of the undertaking or assets, present or future, of the Issuer or the Bank (when the Notes benefit from the Guarantee) that belonged to a company whose assets or undertaking have become part of the assets or undertaking of the Issuer or the Bank (when the Notes benefit from the Guarantee) pursuant to an amalgamation or merger of such company with the Issuer or the Bank (when the Notes benefit from the Guarantee), which security interest exists at the time of such amalgamation or merger and was not created in contemplation thereof or in connection therewith and the principal, nominal or capital amount secured at the time of such amalgamation or merger is not thereafter increased; or

(b) is created pursuant to any securitisation, asset-backed financing or like arrangement in accordance with normal market practice and whereby the amount of Indebtedness secured by such security interest or in respect of which any guarantee or indemnity is secured by such security interest is limited to the value of the assets secured; or

(c) is granted in relation to mortgage-backed bonds ("*Obrigações hipotecárias*") issued by the Bank under Portuguese law and "covered bonds".

"**Indebtedness**" means any borrowings having an original maturity of more than one year in the form of or represented by bonds, notes, debentures or other securities (not comprising, for the avoidance of doubt, preference shares or other equity securities) which with the consent of the Issuer or the Bank (when the Notes benefit from the Guarantee), as the case may be, are, or are intended to be, listed or traded on any stock exchange or other organised market for securities (whether or not initially distributed by way of private placing) other than a borrowing which is entirely or substantially placed in Portugal.

4. Status of the Guarantee

The Bank, acting through its Macao branch, if so stated in the applicable Final Terms, has in the Trust Deed unconditionally and irrevocably guaranteed the due and punctual payment of the principal of, and interest on, such Notes issued by BCP Finance and all other amounts payable by BCP Finance under or pursuant to the Trust Deed in relation to such Notes (the "**Guarantee**").

The obligations of the Bank under the Guarantee constitute:

(a) in the case of Senior Notes, direct, unconditional, unsecured (subject to the provisions of Condition 3) and unsubordinated obligations of the Bank and rank and will rank *pari passu* with all present and future unsecured (subject as aforesaid) and unsubordinated obligations (including those arising under deposits received in its banking business) of the Bank, save for those that have been accorded by law preferential rights; and

(b) in the case of Subordinated Notes, direct, unconditional and unsecured obligations of the Bank, save that the claims of the holders of the Notes and the relative Receipts and Coupons in respect of payments pursuant thereto will, in the event of the winding up of the Bank, (to the extent permitted by Portuguese law) be subordinated to the claims of all Senior Creditors of the Bank (as defined in Condition 2*(c)*). The subordination of the Guarantee is for the benefit of the Bank and all Senior Creditors of the Bank.

5. Interest

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest payable in arrear on the Interest Payment Date(s) in each year up to the Maturity Date. Interest on Fixed Rate Notes which are Book Entry Notes will be calculated on the full nominal amount outstanding of Fixed Rate Notes (or, if they are Partly Paid Notes, the full amount paid up) and will be paid to the Affiliate Members of Interbolsa for distribution by them to the accounts of entitled Noteholders of Book Entry Notes in accordance with Interbolsa's usual rules and operating procedures.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

Except in the case of Notes in definitive form, where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, such interest shall be calculated in respect of any period by applying the Rate of Interest to:

(A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

In these Conditions:

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 5:

(i) if "**Actual/Actual (ICMA)**" is specified in the applicable Final Terms:

(a) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "**Accrual Period**") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(b) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if "**30/360**" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of 12 30-day months) divided by 360;

"**Determination Period**" means the period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"**sub-unit**" means with respect to any currency other than Euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to Euro, means one cent.

(b) Interest on Floating Rate Notes and Index Linked Interest Notes

(i) Interest Payment Dates

Each Floating Rate Note or Index Linked Interest Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "**Interest Payment Date**") which falls on the number of months or other period specified as the Calculation Period in the applicable Final Terms after the preceding Specified Interest

Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date). Interest on Floating Rate Notes or Index Linked Interest Notes which are Book Entry Notes will be calculated on the full nominal amount outstanding of Floating Rate Notes or Index Linked Interest Notes (or, if they are Partly Paid Notes, the full amount paid up) and will be paid to the Affiliate Members of Interbolsa for distribution by them to the accounts of entitled Noteholders in accordance with Interbolsa's usual rules and operating procedures.

If a business day convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date (or any other date) would otherwise fall on a day which is not a Business Day, then, if the business day convention specified is:

(1) in any case where Specified Periods are specified in accordance with Condition 5(*b*)(i)(B) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply *mutatis mutandis* or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(2) the Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day; or

(3) the Modified Following Business Day Convention, such Interest Payment Date (or other date) shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day; or

(4) the Preceding Business Day Convention, such Interest Payment Date (or other date) shall be brought forward to the immediately preceding Business Day.

In these Conditions, "**Business Day**" means a day which is both:

(I) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and

(II) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in Euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the "TARGET2 System") is open.

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes and Index Linked Interest Notes will be determined in the manner specified in the applicable Final Terms.

(iii) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the

relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For the purposes of this sub-paragraph (iii), "**ISDA Rate**" for an Interest Period means a rate equal to the Floating Rate that would be determined by the Agent or other person specified in the applicable Final Terms under an interest rate swap transaction if the Agent or that other person were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the "**ISDA Definitions**") and under which:

(A) the Floating Rate Option is as specified in the applicable Final Terms;

(B) the Designated Maturity is a period specified in the applicable Final Terms; and

(C) the relevant Reset Date is either (i) if the applicable Floating Rate Option is based on the London inter-bank offered rate ("**LIBOR**") or on the Euro-zone inter-bank offered rate ("**EURIBOR**") the first day of that Interest Period or (ii) in any other case, as specified in the applicable Final Terms.

Unless otherwise specified in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

For the purposes of this Condition 5(*b*)(iii), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**" and "**Reset Date**" have the meanings given to those terms in the ISDA Definitions.

(iv) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation (if there is only one quotation on the Relevant Screen Page); or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate(s) which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time) in the case of LIBOR, or Brussels time, in the case of EURIBOR on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph. Alternatively, provisions dealing with this may be included in the applicable Final Terms.

If the Reference Rate from time to time in respect of Floating Rate Notes is specified in the applicable Final Terms as being based on a rate other than LIBOR or EURIBOR, the Rate of Interest in respect of such Notes will be determined as provided in the applicable Final Terms.

(v) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the above provisions is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest. If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of

Interest in respect of such Interest Period determined in accordance with the above provisions is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(vi) Determination of Rate of Interest and Calculation of Interest Amounts

The Agent or, where the Final Terms specifies another person to act as calculation agent, such person (the "**Calculation Agent**"), in the case of Floating Rate Notes and Index Linked Interest Notes will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period. In the case of Index Linked Interest Notes, the Calculation Agent will notify the Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after determining and calculating the same. The Agent will calculate the amount of interest ("**Interest Amount**") payable on the Floating Rate Notes or Index Linked Interest Notes for the relevant Interest Period by applying the Rate of Interest to:

(A) in the case of Floating Rate Notes or Index Linked Interest Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the full amount paid up); or

(B) in the case of Floating Rate Notes or Index Linked Interest Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note or an Index Linked Interest Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest for any Interest Period:

(a) if "**Actual/Actual (ISDA)**" or "**Actual/Actual**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(b) if "**Actual/365 (Fixed)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(c) if "**Actual/365 (Sterling)**" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(d) if "**Actual/360**" is specified in the applicable Final Terms the actual number of days in the Interest Period divided by 360;

(e) if "**30/360**", "**360/36**" or "**Bond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(f) if "**30E/360**" or "**Eurobond Basis**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30; and

(g) if "**30E/360 (ISDA)**" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(vii) Notification of Rate of Interest and Interest Amount

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Bank (when the Notes benefit from the Guarantee), the Trustee and any stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and notice thereof to be published in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth London Business Day (as defined below) thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes or Index Linked Interest Notes are for the time being listed and to the Noteholders in accordance with Condition 15. For the purposes of this paragraph, the expression "**London Business Day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(viii) Determination or Calculation by Trustee

If for any reason the Agent or, as the case may be, the Calculation Agent at any time after the Issue Date defaults in its obligation to determine the Rate of Interest or calculate any Interest Amount in accordance with sub-paragraph (ii), (iii) or (iv) above, as the case may be, and, in each case, (vii) above, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum or Maximum Interest Rate specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent.

(ix) Certificates to be Final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5(*b*), whether by the Agent, the Calculation Agent or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Bank (when the Notes benefit from the Guarantee), the Agent, the Calculation Agent, the Trustee, the other Paying Agents, the Transfer Agents, the Exchange Agent, the Registrar and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Bank (when the Notes benefit from the Guarantee), the Noteholders, the Receiptholders or the Couponholders shall attach to either the Agent, the Calculation Agent or the Trustee in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(c) Interest on Dual Currency Interest Notes

The rate or amount of interest payable in respect of Dual Currency Interest Notes shall be determined in the manner specified in the applicable Final Terms.

(d) Interest on Partly Paid Notes

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Notes and otherwise as specified in the applicable Final Terms.

(e) Accrual of Interest

Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the due date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed or in the applicable Final Terms.

6. Payments

(a) Method of Payment

Subject as provided below:

(i) payments in a Specified Currency other than Euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively); and

(ii) payments in Euro will be made by credit or transfer to a Euro account (or any other account to which Euro may be credited or transferred) specified by the payee or, at the option of the payee, by a Euro cheque.

(b) Payments Subject to Fiscal and Other Laws

Payments will be subject in all cases, but without prejudice to the provisions of Condition 8, to (i) any fiscal or other laws and regulations applicable thereto in any jurisdiction, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto. Any such amounts withheld or deducted will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on the Notes with respect to any such withholding or deduction.

(c) Presentation of Notes, Receipts and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in paragraph *(a)* above only against presentation and surrender (or, in the case of part payment only of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due only, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used in this Condition 6 and in Condition 7, 8 and 12, means the United States of America (including the States and the District of Columbia and its possessions)).

In respect of Bearer Notes in definitive form, payments of instalments of principal (if any), other than the final instalment, will (subject as provided below) be made in the manner provided in paragraph *(a)* above against presentation and surrender (or, in the case of part payment of any sum due only, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in paragraph *(a)* above against presentation and surrender (or, in the case of part payment of any sum due only, endorsement) of the relevant Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Notes to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Dual Currency Notes or Index Linked or Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note, Dual Currency Note, Index Linked Note or Long Maturity Note in definitive bearer form becomes due and repayable, all unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

Payments of principal and interest (if any) in respect of Notes represented by any bearer global Note will (subject as provided below) be made in the manner specified in paragraph *(a)* above and otherwise in the manner specified in the relevant bearer global Note against presentation or surrender, as the case may be, of such bearer global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of such bearer global Note, distinguishing between any payment of principal and any payment of interest, will be made on such bearer global Note by such Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made.

Payments in respect of the Book Entry Notes will be made by transfer to the registered account of the Noteholders maintained by or on behalf of it with a bank that processes payments in Euro, details of which appear in the records of the relevant Affiliated Member of Interbolsa at the close of business on the Payment Business Day (as defined below) before the due date for payment of principal and or interest.

Payment Business Day means a day which (subject to Condition 8):

(a) is or falls before the due date for payment of principal and or interest; and

(b) is a TARGET2 Settlement Day.

Payments of principal (other than instalments of principal prior to the final instalment) in respect of Registered Notes (whether or not in global form) will be made in the manner specified in paragraph *(a)* above to the persons in whose name such Notes are registered at the close of business on the business day (being for this purpose a day on which banks are open for business in the city where the Registrar is located) immediately prior to the relevant payment date against presentation and surrender (or, in the case of part payment only of any sum due, endorsement) of such Notes at the specified office of the Registrar.

Payments of interest due on a Registered Note (whether in definitive or global form) and payments of instalments of principal (if any) due on a Registered Note (other than the final instalment) will be made in the manner specified in paragraph *(a)* above to the person in whose name such Note is registered at the close of business on the fifteenth day (whether or not such fifteenth day is a business day (being for this purpose a day on which banks are open for business in the city where the Registrar is located) (the "**Record Date**")) prior to such due date. In the case of payments by cheque, cheques will be mailed to the holder (or the first named of joint holders) at such holder's registered address on the business day (as described above) immediately preceding the due date.

If payment in respect of any Registered Notes is required by credit or transfer as referred to in paragraph *(a)* above application for such payment must be made by the holder to the Registrar not later than the relevant Record Date.

Unless otherwise specified, the holder of a global Note (or, as provided in the Trust Deed, the Trustee) shall be the only person entitled to receive payments in respect of Notes represented by such global Note and the Issuer and the Bank (when the Notes benefit from the Guarantee) will be discharged by payment to, or to the order of, the holder of such global Note (or the Trustee, as the case may be) in respect of each amount so paid. Each of the persons shown in the records of DTC, Clearstream, Luxembourg or Euroclear as the

beneficial holder of a particular nominal amount of Notes represented by such global Note must, unless the applicable Final Terms states otherwise, look solely to DTC, Clearstream, Luxembourg or Euroclear, as the case may be, for his share of each payment so made by the Issuer or the Bank (when the Notes benefit from the Guarantee) to, or to the order of, the holder of such global Note (or the Trustee, as the case may be). Unless otherwise specified or in the circumstances specified in the second paragraph of Condition 11, no person other than the holder of such global Note (or the Trustee, as the case may be) shall have any claim against the Issuer or the Bank (when the Notes benefit from the Guarantee) in respect of any payments due on that global Note.

All amounts payable to DTC or its nominee as registered holder of a Registered Global Note in respect of Notes denominated in a Specified Currency other than U.S. dollars shall be paid by transfer by the Registrar to an account in the relevant Specified Currency of the Exchange Agent on behalf of DTC or its nominee for payment in such Specified Currency or conversion into U.S. dollars in accordance with the provisions of the Agency Agreement.

Notwithstanding the foregoing, U.S. dollar payments of principal and interest in respect of Bearer Notes will be made at the specified office of a Paying Agent in the United States if:

(A) the Issuer and the Bank (when the Notes benefit from the Guarantee) have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(B) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions; and

(C) such payment is then permitted under United States law without involving, in the opinion of the Issuer or the Bank (when the Notes benefit from the Guarantee), adverse tax consequences to the Issuer or the Bank (when the Notes benefit from the Guarantee).

(c) Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, unless otherwise specified in the applicable Final Terms, "**Payment Day**" means any day which (subject to Condition 9) is:

(i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

  (A) the relevant place of presentation;

  (B) London;

  (C) any Additional Financial Centre specified in the applicable Final Terms; and

(ii) either (1) in relation to any sum payable in a Specified Currency other than Euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney or Auckland, respectively) or (2) in relation to any sum payable in Euro, a day on which the TARGET2 System is open; and

(iii) in the case of any payment in respect of a Registered Global Note denominated in a Specified Currency other than U.S. dollars and registered in the name of DTC or its nominee and, in respect of which an accountholder of DTC (with an interest in such Registered Global Note) has elected to receive any part of such payment in U.S. dollars, not a day on which banking institutions are authorised or required by law or regulation to be closed in New York City.

(d) Interpretation of Principal and Interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(i) any additional amounts which may be payable with respect to principal under Condition 8 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed;

(ii) the Final Redemption Amount of the Notes;

(iii) the Early Redemption Amount of the Notes;

(iv) the Optional Redemption Amounts (if any) of the Notes;

(v) in relation to Notes redeemable in instalments, the Instalment Amounts;

(vi) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7(e)); and

(vii) any premium and any other amounts (other than interest) which may be payable by the Issuer or the Bank (where the Issuer is BCP Finance) under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or pursuant to any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

7. Redemption and Purchase

(a) Redemption at Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note (including each Index Linked Redemption Note and Dual Currency Redemption Note) will be redeemed by the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

(b) Redemption for Tax Reasons

The Notes may be redeemed at the option of the Issuer (after obtaining the consent of the Bank of Portugal whenever it is required in the case of Subordinated Notes) in whole, but not in part, at any time (if this Note is neither a Floating Rate Note nor an Index Linked Interest Note) or on any Interest Payment Date (if this Note is either a Floating Rate Note or an Index Linked Interest Note), on giving not less than 30 nor more than 60 days' notice to the Agent and the Trustee and, in accordance with Condition 15, the Noteholders (which notice shall be irrevocable), if:

(i) the Issuer satisfies the Trustee immediately prior to the giving of such notice that, on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 or (when the Notes benefit from the Guarantee) the Bank would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes; and

(ii) such obligation cannot be avoided by the Issuer or, as the case may be, the Bank (when the Notes benefit from the Guarantee) taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Bank (when the Notes benefit from the Guarantee) would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer or, as the case may be, two Directors of the Bank (when the Notes benefit from the Guarantee) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer to so redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Bank (when the Notes benefit from the Guarantee) has or will become obliged to pay such additional amounts as a result of such change or amendment. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of such conditions precedent in which event they shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Notes redeemed pursuant to this Condition 7*(b)* will be redeemed at their Early Redemption Amount referred to in paragraph *(e)* below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

(c) Redemption at the Option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given:

(i) not less than 5 nor more than 60 days' notice (or such period as specified in the applicable Final Terms) to the Noteholders in accordance with Condition 15; and

(ii) not less than 6 days before the giving of the notice (or such period as specified in the applicable Final Terms) referred to in (i), notice to the Trustee and (in the case of a redemption of Registered Notes), the Registrar,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on the Optional Redemption Date(s) and at the Optional Redemption Amount(s) specified in, or determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date(s). Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Higher Redemption Amount in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes (or, as the case may be, parts of Registered Notes), the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot without involving any part only of a Bearer Note, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Clearstream, Luxembourg and/or Euroclear (to be reflected in the records of Clearstream, Luxembourg and/or Euroclear as either a pool factor or a reduction in nominal amount, at their discretion) or, as the case may be, DTC, in the case of Redeemed Notes represented by a global Note, not more than 5 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 15 not less than 5 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that such first mentioned nominal amount shall, if necessary, be rounded downwards to the nearest integral multiple of the Specified Denomination, and the aggregate nominal amount of Redeemed Notes represented by a global Note shall be equal to the balance of the Redeemed Notes. No exchange of the relevant global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this paragraph *(c)* and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 15 at least five days prior to the Selection Date.

In case of a partial redemption of Book-entry Notes the nominal amount of all outstanding Book-entry Notes will be reduced proportionally.

(d) Redemption at the Option of the Noteholders (Investor Put)

If Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 15 not less than 30 nor more than 60 days' notice or such other period of notice as is specified in the applicable Final Terms (which notice shall be irrevocable), the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount specified in, or

determined in the manner specified in, the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date. It may be that before an Investor Put can be exercised, certain conditions and/or circumstances will need to be satisfied. Where relevant, the provisions will be set out in the applicable Final Terms.

To exercise the right to require redemption of this Note the holder of this Note must deliver (i) (in the case of Notes in definitive form) a duly signed and completed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or Transfer Agent or the Registrar or (ii) (in all other cases) a notice to the Paying Agent or Transfer Agent or Registrar (as the case may be) in accordance with the standard procedures of DTC, Clearstream, Luxembourg, Euroclear and/or Interbolsa or any common depositary, common safekeeper or custodian for them stating the principal amount of the Notes in respect of which such option is exercised (a "**Put Notice**") accompanied by, if the Note is in definitive form, the Note itself, to the specified office of any Paying Agent, in the case of Bearer Notes, or of any Transfer Agent or the Registrar, in the case of Registered Notes or Book Entry Notes, at any time within the notice period during normal business hours of such Paying Agent, Transfer Agent or the Registrar, as the case may be. No deposit of Notes will be required in respect of Book Entry Notes. In the Put Notice the holder must specify a bank account (or, if payment is by cheque, an address) to which payment is to be made under this Condition.

Any Put Notice given by a holder of any Note pursuant to this paragraph shall be irrevocable except where prior to the due date of redemption an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this paragraph and instead to declare such Note forthwith due and repayable pursuant to Condition 10.

(e) Early Redemption Amounts

For the purpose of paragraph *(b)* above and Condition 10, the Notes will be redeemed at the Early Redemption Amount calculated as follows:

(i) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof; or

(ii) in the case of Notes (other than Zero Coupon Notes but including instalment Notes and Partly Paid Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the Final Terms, at their nominal amount; or

(iii) in the case of Zero Coupon Notes, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

Early Redemption Amount = RP x $(1 + AY)^{y}$ where:

"**RP**" means the Reference Price;

"**AY**" means the Accrual Yield expressed as a decimal; and

"**y**" is a fraction the numerator of which is equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360,

or on such other calculation basis as may be specified in the applicable Final Terms.

(f) Instalments

If the Notes are repayable in instalments, they will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Final Terms. In the case of early redemption, the Early Redemption Amount will be determined pursuant to paragraph *(e)* above.

(g) Partly Paid Notes

If the Notes are Partly Paid Notes, they will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition as amended by the applicable Final Terms.

(h) Purchases

The Issuer, the Bank (when the Notes benefit from the Guarantee) or any other Subsidiary (as defined in the Trust Deed) of the Bank may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, the Bank (when the Notes benefit from the Guarantee) or the relevant Subsidiary, surrendered to any Paying Agent or the Registrar for cancellation.

(i) Cancellation

All Notes which are redeemed will forthwith be cancelled (together, in the case of definitive Bearer Notes, with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption), in the case of Book Entry Notes in accordance with the applicable regulations of Interbolsa. All Notes so cancelled and any Notes purchased and cancelled pursuant to paragraph *(b)* above (together, in the case of definitive Bearer Notes, with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Agent, save in the case of Book Entry Notes, and shall not be capable of being reissued or resold.

(j) Late Payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to paragraph *(a)*, *(b)*, *(c)* or *(d)* above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in paragraph *(e)*(iii) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and repayable were replaced by references to the date which is the earlier of:

(i) date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(ii) the fifth day after the date on which the full amount of the moneys payable has been received by the Agent or the Trustee and notice to that effect has been given to the Noteholder either in accordance with Condition 15 or individually.

8. Taxation

All payments of principal and interest in respect of the Notes, Receipts and Coupons by the Issuer or the Bank (where the Notes benefit from the Guarantee) will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Bank (where the Notes benefit from the Guarantee) will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(i) presented for payment by or on behalf of, a Noteholder, Receiptholder or Couponholder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note, Receipt or Coupon; and/or

(ii) presented for payment by or on behalf of, a Noteholder, Receiptholder or Couponholder who is able to avoid such withholding or deduction by making a declaration of non residence or other claim for exemption to the relevant tax authority; and/or

(iii) presented for payment by or on behalf of, a Noteholder, Receiptholder or Couponholder in respect of whom the information and documentation (which may include certificates) required in order to comply with the special regime approved by Decree-Law 193/2005 of 7 November 2005 as amended from time to time, and any implementing legislation, is not received before the Relevant Date; and/or

(iv) presented for payment by or on behalf of, a Noteholder, Receiptholder or Couponholder (i) in respect to whom the information and documentation required by Portuguese law in order to comply with any applicable tax treaty is not received by the Issuer or by the Portuguese Paying Agent directly from the Noteholders before the date by which such documentation is to be provided to the Issuer under Portuguese law, and (ii) who is resident in one of the contracting states; and/or

(v) presented for payment by or on behalf of, a Noteholder, Receiptholder or Couponholder resident in a tax haven jurisdiction as defined in Ministerial order no. 150/2004, of 13 February, as amended from time to time, with the exception of central banks and governmental agencies of those blacklisted jurisdictions, or a non-resident legal entity held, directly or indirectly, in more than 20 per cent. by entities resident in Portugal; and/or

(vi) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6(c)); and/or

(vii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; and/or

(viii) where such withholding or deduction is required to be made pursuant to Sections 1471 through 1474 of the Code or any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto; and/or

(ix) presented for payment by or on behalf of a Noteholder, Receiptholder or Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Note, Receipt or Coupon to another Paying Agent in a Member State of the European Union; and/or

(x) except for Notes issued by BCP Finance, presented for payment into an account held on behalf of undisclosed beneficial owners where such beneficial owners are not disclosed for purposes of payment and such disclosure is required by law.

(xi) with a maturity of less than one year issued by the Bank.

As used herein:

(i) "Tax Jurisdiction" means the Cayman Islands or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by BCP Finance) or Portugal or any political subdivision or any authority thereof or therein having power to tax (in the case of payments by the Bank) or, in either case, any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which BCP Finance or the Bank become subject in respect of payments made by it of principal and interest on the Notes, Receipts and Coupons, and

(ii) the "Relevant Date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent, the Registrar or the Trustee on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 15.

9. Prescription

The Notes, Receipts and Coupons will become void unless presented for payment within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6*(b)* or any Talon which would be void pursuant to Condition 6*(b)*.

10. Events of Default

(a) Events of Default relating to Senior Notes

If the Notes are specified as Senior Notes in the applicable Final Terms and if any one or more of the following events (each an "**Event of Default**") shall occur:

(i) default is made for a period of 14 days or more in the payment of any principal or interest due in respect of the Notes or any of them after the due date therefor; or

(ii) the Issuer or the Bank (when the Notes benefit from the Guarantee) fails to perform or observe any of its other obligations in respect of the Notes or under the Trust Deed or (in the case of Book Entry Notes) the Instrument and ((in the case of Notes other than Book Entry Notes) except where, in the opinion of the Trustee, such default is not capable of remedy where no such continuation or notice as is hereinafter referred to will be required) such failure continues for the period of 30 days (or (in the case of Notes other than Book Entry Notes) such longer period as the Trustee may permit) after notice has been given to the Issuer or, as the case may be, the Bank requiring the same to be remedied; or

(iii) the repayment of any indebtedness owing by the Issuer or by the Bank (when the Notes benefit from the Guarantee) is accelerated by reason of default and such acceleration has not been rescinded or annulled, or the Issuer or the Bank (when the Notes benefit from the Guarantee) defaults (after whichever is the longer of any originally applicable period of grace and 14 days after the due date) in any payment of any indebtedness or in the honouring of any guarantee or indemnity in respect of any indebtedness provided that no such event referred to in this sub-paragraph (iii) shall constitute an Event of Default unless the indebtedness whether alone or when aggregated with other indebtedness relating to all (if any) other such events which shall have occurred shall exceed U.S.$25,000,000 (or its equivalent in any other currency or currencies) or, if greater, an amount equal to one per cent. of the Bank's Shareholders' Funds (as defined below); or

(iv) any order shall be made by any competent court or an effective resolution passed for the winding up or dissolution of the Issuer or the Bank (when the Notes benefit from the Guarantee) (other than for the purpose of an amalgamation, merger or reconstruction previously approved in writing by the Trustee, in the case of Notes which are not Book Entry Notes, or by an Extraordinary Resolution of the Noteholders); or

(v) the Issuer or the Bank (when the Notes benefit from the Guarantee) shall cease to carry on the whole or substantially the whole of its business (other than for the purpose of an amalgamation, merger or reconstruction previously approved in writing by the Trustee, in the case of Notes which are not Book Entry Notes, or by an Extraordinary Resolution of the Noteholders); or

(vi) the Issuer or the Bank (when the Notes benefit from the Guarantee) shall stop payment or shall be unable to, or shall admit inability to, pay its debts as they fall due, or shall be adjudicated or found bankrupt or insolvent by a court of competent jurisdiction or shall make a conveyance or assignment for the benefit of, or shall enter into any composition or other arrangement with, its creditors generally; or

(vii) a receiver, trustee or other similar official shall be appointed in relation to the Issuer or the Bank (when the Notes benefit from the Guarantee) or in relation to the whole or a substantial part of the assets of either of them or a temporary manager of the Bank is appointed by the Bank of Portugal or an encumbrancer shall take possession of the whole or a substantial part of the assets

of the Issuer or the Bank (when the Notes benefit from the Guarantee), or a distress or execution or other process shall be levied or enforced upon or sued out against the whole or a substantial part of the assets of either of them and in any of the foregoing cases it or he shall not be discharged within 60 days; or

(viii) the Bank sells, transfers, lends or otherwise disposes of the whole or a substantial part of its undertaking or assets (including shareholdings in its Subsidiaries or associated companies) and such disposal is substantial in relation to the assets of the Bank and its Subsidiaries as a whole, other than selling, transferring, lending or otherwise disposing on an arm's length basis; or

(ix) except where the Issuer has been substituted as principal debtor pursuant to Condition 18, the Issuer (where the Issuer is BCP Finance) ceases to be a Subsidiary wholly owned and controlled, directly or indirectly, by the Bank; or

(x) (where the Issuer is BCP Finance and the Notes benefit from the Guarantee) the Guarantee is terminated or shall cease to be in full force and effect,

then,

(a) in respect of Notes other than Book Entry Notes, the Trustee at its discretion may, and if so requested in writing by the holders of not less than one-quarter of the nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount (as described in Condition *7(e)*) together with accrued interest (as provided in the Trust Deed) provided that, in the case of any such Events of Default other than those described in subparagraphs (i) and (iv) above, the Trustee shall have certified in writing to the Issuer that such Event of Default is, in its opinion, materially prejudicial to the interests of the Noteholders; and

(b) in respect of Book Entry Notes, any Book Entry Noteholder may give notice to the Bank and to the Portuguese Paying Agent at their respective specified offices, effective upon the date of receipt thereof by the Portuguese Paying Agent, that the Book Entry Notes held by such Book Entry Noteholder(s) are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount (as described in Condition 7(e) together with accrued interest (as provided in the Instrument)).

As used above, "**Bank's Shareholders' Funds**" means, at any relevant time, a sum equal to the aggregate of the Bank's shareholders' equity as certified by the Directors of the Bank or in certain circumstances provided in the Trust Deed by the Auditors of the Bank by reference to the latest audited consolidated financial statements of the Bank.

(b) Events of Default relating to Subordinated Notes

If the Notes are specified as Subordinated Notes in the applicable Final Terms and if any one or more of the following events (each an "**Event of Default**") shall occur:

(i) default is made for a period of 14 days or more in the payment of any principal or interest due in respect of the Notes or any of them after the due date therefor; or

(ii) any order shall be made by any competent court or an effective resolution passed for the winding up or dissolution of the Issuer or the Bank (when the Notes benefit from the Guarantee) (other than for the purposes of an amalgamation, merger or reconstruction on terms previously approved in writing by the Trustee, in the case of Notes which are not Book Entry Notes, or by an Extraordinary Resolution of the Noteholders),

then,

(a) in respect of Notes other than Book Entry Notes the Trustee at its discretion may, and if so requested in writing by the holders of not less than one-quarter of the nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured to its satisfaction), give notice to the Issuer that the Notes are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early

Redemption Amount (as described in Condition 7*(e)*) together with accrued interest (as provided in the Trust Deed); and

(b) in respect of Book Entry Notes, any Book Entry Noteholder may give notice to the Bank and to the Portuguese Paying Agent at their respective specified offices, effective upon the date of receipt thereof by the Portuguese Paying Agent that the Book Entry Notes held by such Book Entry Noteholder(s) are, and they shall accordingly thereby forthwith become, immediately due and repayable at their Early Redemption Amount (as described in Condition 7(e)) together with accrued interest (as provided in the Instrument).

11. Enforcement

In the case of Notes other than Book Entry Notes, the Trustee may at any time, at its discretion and without notice, take such proceedings and/or other action as it may think fit against or in relation to the Issuer or the Bank (when the Notes benefit from the Guarantee) to enforce the provisions of the Trust Deed, the Notes, the Receipts or the Coupons, but it shall not be bound to take any such action or any other proceedings to enforce the obligations of the Issuer or the Bank (when the Notes benefit from the Guarantee), as the case may be, in respect of the Trust Deed, the Notes, Receipts or Coupons unless (i) it shall have been so directed by an Extraordinary Resolution of the Noteholders or requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured to its satisfaction.

In the case of Book Entry Notes, the Trustee may at any time, at its discretion and without notice, take such proceedings and/or other action as it may think fit against or in relation to the Bank to enforce the obligations of the Bank in respect of the covenants granted to the Trustee by the Bank under the Conditions or the Trust Deed, however the Trustee shall in no circumstances be bound to do so.

No Noteholder, Receiptholder or Couponholder (in respect of Notes other than Book Entry Notes) shall be entitled to proceed directly against the Issuer or the Bank (when the Notes benefit from the Guarantee) unless the Trustee, having become bound to so proceed, fails to do so within a reasonable period and such failure is continuing provided that in the case of Book Entry Notes, the Trustee may not but the holders thereof may at any time take such proceedings against the Bank as they may think fit to enforce the provisions of the Book Entry Notes and/or the Instrument.

12. Exchange of Notes, transfer of Registered Notes and replacement of Notes, Receipts, Coupons and Talons

(a) Exchange of Bearer Notes for Registered Notes

If so specified in the applicable Final Terms, a Bearer Note in definitive form may be exchanged for Registered Notes of like aggregate nominal amount (in global or definitive form) by submission of a duly completed request for exchange substantially in the form provided in the Agency Agreement (an "**Exchange Request**"), copies of which are available from the specified office of the Registrar or any Transfer Agent, together with the Bearer Note and (subject as provided below) all unmatured Coupons, Talons and Receipts appertaining thereto, to a Transfer Agent at its specified office. Within three business days of the request, if the Registered Notes for which the Bearer Note is to be exchanged are in definitive form, the relevant Transfer Agent will authenticate and deliver, or procure the authentication and delivery of, at its specified office to the holder or (at the risk of the holder) send by mail to such address as may be specified by the holder in the Exchange Request, a definitive Registered Note of a like aggregate nominal amount to the Bearer Note exchanged and will enter the exchange of the Bearer Note in the Register maintained by the Registrar as of the exchange date. If the Registered Note(s) for which such Bearer Note is to be exchanged is/are in global form, the amount of the applicable Registered Global Note(s) will be increased accordingly.

A Bearer Note surrendered in exchange for a Registered Note after a Record Date (as defined in Condition 6*(c)*) and on or before the next following Fixed Interest Date or Interest Payment Date (each as defined in Condition 5) is not required to be surrendered with the Coupon maturing on that payment date. Interest on a Registered Note issued on exchange will accrue as from the immediately preceding Fixed Interest Date or Interest Payment Date, as the case may be, except where issued in respect of a Bearer Note surrendered after a Record Date and on or before the next following Fixed Interest Date or Interest Payment Date, in which event interest shall accrue as from that date.

No exchanges of Bearer Notes for Registered Notes or interests in Registered Global Notes (as defined below) will be permitted for so long as the Bearer Notes are represented by a temporary bearer global Note.

(b) Form of Registered Notes

Registered Notes of each Tranche sold outside the United States in reliance on Regulation S ("**Regulation S**") under the United States Securities Act of 1933, as amended (the "**Securities Act**"), will initially be represented by a permanent global Note in registered form, without interest coupons, (the "**Reg. S Global Note**"), deposited with a common depositary for, and registered in the name of a common nominee of, Euroclear and Clearsteam, Luxembourg. Notes in definitive form issued in exchange for Reg. S Global Notes or otherwise sold or transferred in reliance on Regulation S under the Securities Act, together with the Reg. S Global Notes, are referred to herein as "**Reg. S Notes**".

Registered Notes of each Tranche sold in private transactions to qualified institutional buyers ("**QIBs**") within the meaning of Rule 144A under the Securities Act ("**Rule 144A**") will initially be represented by a permanent global Note in registered form, without interest coupons, (the "**Restricted Global Note**") deposited with a custodian for, and registered in the name of a nominee of, DTC. Notes in definitive form issued in exchange for Restricted Global Notes or otherwise sold or transferred in accordance with the requirements of Rule 144A, together with the Restricted Global Notes, are referred to herein as "**Restricted Notes**".

Registered Notes of each Tranche sold to accredited investors that are institutions (as defined in Rule 501(a) (1), (2), (3) or (7) under the Securities Act) ("**Institutional Accredited Investors**") who agree to purchase the Notes for their own account and not with a view to the distribution thereof will be in definitive form, registered in the name of the holder thereof.

Registered Notes in definitive form issued to Institutional Accredited Investors and Restricted Notes shall bear the legend set forth in the Restricted Global Note (the "**Legend**"), such Notes being referred to herein as "**Legended Notes**". Upon the transfer, exchange or replacement of Legended Notes, or upon specific request for removal of the Legend, the Registrar shall (save as provided in Condition 12*(f)*) deliver only Legended Notes or refuse to remove such Legend, as the case may be, unless there is delivered to the Issuer such satisfactory evidence as may reasonably be required by the Issuer, which may include an opinion of U.S. counsel, that neither the Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Subject as otherwise provided in this Condition 12, Registered Notes in definitive form may be exchanged or transferred in whole or in part in the authorised denominations for one or more definitive Registered Notes of like aggregate nominal amount.

(c) Transfers of Registered Global Notes

Transfers of beneficial interests in Restricted Global Notes and Reg. S Global Notes (together the "**Registered Global Notes**") will be effected by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in the authorised denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Agency Agreement. Transfers of a Registered Global Note registered in the name of a nominee for DTC shall be limited to transfers of such Registered Global Note, in whole but not in part, to another nominee of DTC or to a successor of DTC or such successor's nominee.

(d) Transfers of interests in Reg. S Notes

Prior to the expiry of the period that ends 40 days after completion of the distribution of each Tranche of Notes, as certified by the relevant Dealer, in the case of a non-syndicated issue, or by the Lead Manager, in the case of a syndicated issue (the "**Distribution Compliance Period**"), transfers by the holder of, or of a beneficial interest in, a Reg. S Note to a transferee in the United States will only be made:

(i) upon receipt by the Registrar of a written certification substantially in the form set out in the Agency Agreement, amended as appropriate, (a "**Transfer Certificate**"), copies of which are

available from the specified office of the Registrar or any Transfer Agent, from the transferor of the Note or beneficial interest therein to the effect that such transfer is being made:

(A) to an entity whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A; or

(B) to an entity who is an Institutional Accredited Investor, together with a duly executed investment letter from the relevant transferee substantially in the form set out in the Agency Agreement (an "**IAI Investment Letter**"); or

(ii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with U.S. federal securities laws and with any applicable securities laws of any state of the United States,

and, in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

In the case of (i)(A) above, such transferee may take delivery through a Legended Note in global or definitive form and, in the case of (i)(B) above, such transferee may take delivery only through a Legended Note in definitive form. After the expiry of the applicable Distribution Compliance Period such certification requirements will no longer apply to such transfers.

(e) Transfers of interests in Legended Notes

Transfers of Legended Notes or beneficial interests therein may be made:

(i) to a transferee who takes delivery of such interest through a Reg. S Global Note, upon receipt by the Registrar of a duly completed Transfer Certificate from the transferor to the effect that such transfer is being made in accordance with Regulation S; or

(ii) to a transferee who takes delivery of such interest through a Legended Note:

(A) where the transferee is an entity whom the transferor reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, without certification; or

(B) where the transferee is an Institutional Accredited Investor, subject to delivery to the Registrar of a Transfer Certificate from the transferor to the effect that such transfer is being made to an Institutional Accredited Investor, together with a duly executed IAI Investment Letter from the relevant transferee; or

(iii) otherwise pursuant to the Securities Act or an exemption therefrom, subject to receipt by the Issuer of such satisfactory evidence as the Issuer may reasonably require, which may include an opinion of U.S. counsel, that such transfer is in compliance with U.S. federal securities laws and with any applicable securities laws of any state of the United States,

in each case, in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Notes transferred by Institutional Accredited Investors to QIBs pursuant to Rule 144A or outside the United States pursuant to Regulation S will be eligible to be held by such QIBs or non-U.S. investors through DTC and the Registrar will arrange for any Notes which are the subject of such a transfer to be represented by the appropriate Registered Global Note, where applicable.

(f) Exchanges and transfers of Registered Notes generally

Registered Notes may not be exchanged for Bearer Notes.

Holders of Registered Notes in definitive form, other than Institutional Accredited Investors, may exchange such Notes for interests in a Registered Global Note of the same type at any time.

Transfers of beneficial interests in Registered Global Notes will be effected by DTC, Clearstream, Luxembourg or Euroclear, as the case may be, and, in turn, by participants and, if appropriate, indirect

participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will be transferable and exchangeable for Notes in definitive form or for a beneficial interest in another Registered Global Note only in accordance with the rules and operating procedures for the time being of DTC, Clearstream, Luxembourg or Euroclear, as the case may be (the "**Applicable Procedures**").

Upon the terms and subject to the conditions set forth in the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Final Terms) by the holder or holders surrendering the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of the Registrar or any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and upon the Registrar or, as the case may be, the relevant Transfer Agent, after due and careful enquiry, being satisfied with the documents of title and the identity of the person making the request and subject to such reasonable regulations as the Issuer and the Registrar, or as the case may be, the relevant Transfer Agent may with the prior written approval of the Trustee prescribe, including any restrictions imposed by the Issuer on transfers of Registered Notes originally sold to a U.S. person. Subject as provided above, the Registrar or, as the case may be, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar or, as the case may be, the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations) authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by mail to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

Exchanges or transfers by a holder of a Registered Note in definitive form for an interest in, or to a person who takes delivery of such Note through, a Registered Global Note will be made no later than 60 days after the receipt by the Registrar or, as the case may be, the relevant Transfer Agent of the Registered Note in definitive form to be so exchanged or transferred and, if applicable, upon receipt by the Registrar of a written certification from the transferor.

(g) Form and Transfer of Book Entry Notes generally

Notes held through accounts of Affiliate Members of Interbolsa will be represented in dematerialised book-entry form (*forma escritural*) and can be either *nominativas* (in which case Interbolsa, at the Issuer's request, can ask the Affiliated Members for information regarding the identity of the Noteholders and transmit such information to the Issuer) or *ao portador* (in which case Interbolsa cannot inform the Issuer of the identity of the Noteholders). Book Entry Notes shall not be issued in physical form, whether in definitive bearer form or otherwise. Book Entry Notes will be registered in the relevant issue account opened by the Issuer with Interbolsa and will be held in control accounts by the Affiliate Members of Interbolsa on behalf of the relevant Noteholders. Such control accounts will reflect at all times the aggregate number of Book Entry Notes held in the individual securities accounts opened by the clients of the Affiliate Members of Interbolsa (which may include Euroclear and Clearstream, Luxembourg). The transfer of Book Entry Notes and their beneficial interests will be made through Interbolsa.

(h) Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition *7(c)*, the Issuer shall not be required:

(a) to register the transfer of Registered Notes (or parts of Registered Notes) during the period beginning on the sixty-fifth day before the date of the partial redemption and ending on the date on which notice is given specifying the serial numbers of Notes called (in whole or in part) for redemption (both inclusive); or

(b) to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

(i) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered or a Bearer Note to be exchanged for a Registered Note during the period of 30 days ending on the due date for any payment of principal or interest on that Note.

(j) Costs of exchange or registration

The costs and expenses of effecting any exchange or registration of transfer pursuant to the foregoing provisions (except for the expenses of delivery by other than regular mail (if any) and, if the Issuer shall so require, for the payment of a sum sufficient to cover any tax or other governmental charge or insurance charges that may be imposed in relation thereto which will be borne by the Noteholder) will be borne by the Issuer or the Bank (when the Notes benefit from the Guarantee), as the case may be.

(k) Replacement of Notes, Receipts, Coupons and Talons

If any Note, Receipt, Coupon or Talon shall become mutilated, defaced, destroyed, lost or stolen, it may be replaced at the specified office of the Agent outside the United States and its possessions in the case of Bearer Notes, Receipts, Coupons or Talons, or the Registrar in New York City, in the case of Registered Notes, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity and/or security as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

13. Agent, Paying Agents, Transfer Agents, Exchange Agents and Registrar

The names of the initial Agent, the initial Registrar, the other initial Paying Agents, the initial Exchange Agent and the initial Transfer Agents and their initial specified offices are set out below.

The Issuer and the Bank (when the Notes benefit from the Guarantee) are, with the prior written approval of the Trustee, entitled to vary or terminate the appointment of any Paying Agent or the Registrar or the Exchange Agent or any Transfer Agent and/or appoint additional or other Paying Agents or additional or other Registrars, Exchange Agents or Transfer Agents and/or approve any change in the specified office through which any Paying Agent, Registrar, Exchange Agent or Transfer Agent acts, provided that:

(i) so long as the Notes are listed on any stock exchange (or any other relevant authority), there will at all times be a Paying Agent (which may be the Agent), in the case of Bearer Notes, and a Transfer Agent (which may be the Registrar), in the case of Registered Notes, with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);

(ii) there will at all times be a Paying Agent with a specified office in a principal financial centre approved by the Trustee in continental Europe;

(iii) in the case of Bearer Notes, there will at all times be an Agent;

(iv) in the case of Registered Notes, there will at all times be a Registrar with a specified office in New York City and, so long as the Notes are listed on any stock exchange (or any other relevant authority), in such place as may be required by the rules and regulations of the relevant stock exchange (or any other relevant authority);

(v) in the case of Registered Notes, there will at all times be a Transfer Agent having a specified office in a place approved by the Trustee;

(vi) so long as any of the Registered Global Notes payable in a Specified Currency other than U.S. dollars are held through DTC or its nominee, there will at all times be an Exchange Agent with a specified office in New York City; and

(vii) the Issuer undertakes that it will maintain a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

In addition, the Issuer and the Bank (when the Notes benefit from the Guarantee) shall, with the prior written approval of the Trustee, forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in the final paragraph of Condition 6*(b)*. Notice of any variation, termination, appointment or change will be given to the Noteholders promptly in accordance with Condition 15.

Banco Comercial Português, S.A. will be the Paying Agent in Portugal in respect of Book Entry Notes.

In acting under the Agency Agreement, the Exchange Agent, the Registrar, the Agent, the Paying Agents and the Transfer Agents act solely as agents of the Issuer and the Bank (when the Notes benefit from the Guarantee) and, in certain circumstances specified therein, of the Trustee, and do not assume any obligation or relationship of agency or trust to or with the Noteholders, Receiptholders or Couponholders, except that (without affecting the obligations of the Issuer and the Bank (when the Notes benefit from the Guarantee) to the Noteholders, Receiptholders and Couponholders to repay Notes and pay interest thereon) any funds received by the Agent for the payment of the principal of or interest on the Notes shall be held by it on trust for the Noteholders and/or Receiptholders and/or Couponholders until the expiry of the period of prescription specified in Condition 9. Each of the Issuer and the Bank (when the Notes benefit from the Guarantee) has covenanted with the Trustee in the Trust Deed to perform and observe the obligations imposed upon it under the Agency Agreement. The Agency Agreement contains provisions for the indemnification of the Paying Agents, the Registrar, the Exchange Agent and the Transfer Agents and for their relief from responsibility in certain circumstances and entitles any of them to enter into business transactions with either the Issuer or the Bank (when the Notes benefit from the Guarantee) and any of their Subsidiaries without being liable to account to the Noteholders, Receiptholders or Couponholders for any resulting profit.

14. Exchange of Talons

On and after the Interest Payment Date, as appropriate, on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9. Each Talon shall, for the purposes of these Terms and Conditions, be deemed to mature on the Fixed Interest Date or the Interest Payment Date (as the case may be) on which the final Coupon comprised in the relative Coupon sheet matures.

15. Notices

All notices regarding the Notes shall be valid if published in a leading English language daily newspaper of general circulation in the United Kingdom. It is expected that such publication will be made in the *Financial Times* or another daily newspaper in the United Kingdom approved by the Trustee. The Issuer and the Bank (when the Notes benefit from the Guarantee) shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any other stock exchange (or any other relevant authority) on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication in all the relevant newspapers.

Until such time as any definitive Notes are issued, there may, so long as the global Note(s) is or are held in its or their entirety on behalf of Clearstream, Luxembourg and/or Euroclear or DTC, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Clearstream, Luxembourg and/or Euroclear or DTC for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange (or any other relevant authority). Any such notice shall be deemed to have been given to the holders of the Notes on the seventh day after the day on which the said notice was given to Clearstream, Luxembourg and/or Euroclear or DTC, unless otherwise specified in the applicable Final Terms.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Agent. Whilst any of the Notes is represented by a global Note, such notice may be given by any Noteholder to the Agent via Clearstream, Luxembourg and/or Euroclear or DTC, as the case may be, in such manner as the Agent and Clearstream, Luxembourg and/or Euroclear or DTC, as the case may be, may approve for this purpose.

The Issuer shall comply with Portuguese law in respect of Notices relating to Book Entry Notes.

16. Meetings of Noteholders, Modification and Waiver

The Trust Deed (in the case of Bearer Notes and Registered Notes only) and the Instrument (in the case of Book Entry Notes only) contain provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of the provisions of the Notes, the Receipts, the Coupons or the Trust Deed. A meeting convened pursuant to the provisions of the Trust Deed, may be convened by the Issuer or the Bank (when the Notes benefit from the Guarantee) and shall be convened by the Issuer upon a requisition by Noteholders holding not less than one-tenth in nominal amount of the Notes for the time being remaining outstanding. A meeting convened pursuant to the provisions of the Instrument, may be convened by the Bank and should be convened by the Bank upon a requisition by Book Entry Noteholders holding not less than one-tenth in nominal amount of the Book Entry Notes for the time being remaining outstanding. The quorum at either of such meeting for passing an Extraordinary Resolution will be one or more persons holding or representing not less than a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, Receipts or Coupons (including, amongst other things, modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, Receipts or Coupons) or certain provisions of the Trust Deed or the Instrument, as the case may be, the necessary quorum for passing an Extraordinary Resolution will be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Trust Deed provides that the Trustee may (in respect of Notes other than Book Entry Notes), without the consent of the Noteholders, Receiptholders or Couponholders agree to any waiver or authorisation of any breach or proposed breach by the Issuer or the Bank (when the Notes benefit from the Guarantee) of, any of the provisions of these Terms and Conditions or of any of the provisions of the Trust Deed or may determine that any act, omission, event or condition which, but for such determination, would or might otherwise on its own or together with another act, omission, event or condition constitute an Event of Default (without prejudice to the rights of the Trustee in respect of any subsequent breach of any of the provisions of these Terms and Conditions or any of the provisions of the Trust Deed or any subsequent act, omission, event or condition) shall not be treated as such, which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders (other than Book Entry Noteholders).

The Trust Deed provides that the Trustee may, without the consent of Noteholders, Receiptholders or Couponholders (including in respect of Book Entry Notes) agree to any modification of the provisions of the Terms and Conditions or of any of the provisions of the Trust Deed or the Instrument, which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders, or to any modification of any of these Terms and Conditions or any of the provisions of the Trust Deed or the Instrument which is of a formal, minor or technical nature or which is made to correct a manifest error. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders, Receiptholders and Couponholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 15.

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, but without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders and Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Bank (when the Notes benefit from the Guarantee) or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 9 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

17. Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes of other Series in certain circumstances where the Trustee so decides.

18. Substitution

The Trustee may, without the consent of the Noteholders, the Receiptholders or the Couponholders (but, in the case of Subordinated Notes only, with the prior consent of the Bank of Portugal), agree with the Issuer and the Bank (when the Notes benefit from the Guarantee) to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor in respect of the Notes of either the Bank (where the Issuer is BCP Finance or another wholly-owned Subsidiary of the Bank) or a wholly-owned Subsidiary of the Bank, subject to:

(a) where the new principal debtor is a wholly-owned Subsidiary of the Bank, the Notes being unconditionally and irrevocably guaranteed by the Bank acting through its Macao branch either on the same basis as that on which they were guaranteed immediately prior to the substitution (where, immediately prior to the substitution, the Issuer is BCP Finance and the Notes benefitted from the Guarantee on issue or (being a previous substitute under this Condition) another wholly-owned Subsidiary of the Bank) or on an equivalent basis to that on which they would have been guaranteed immediately prior to the substitution had the Issuer been BCP Finance and the Notes benefitted from the Guarantee on issue (where, immediately prior to the substitution, the Issuer is the Bank);

(b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and

(c) certain other conditions set out in the Trust Deed being complied with.

19. Indemnification of Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances including provisions relieving it from instituting proceedings to enforce repayment unless indemnified to its satisfaction. The Trustee is entitled to enter into business transactions with the Issuer and/or the Bank (when the Notes benefit from the Guarantee) or any of their Subsidiaries without accounting for any profit resulting therefrom and to act as trustee for the holders of any other securities issued by the Issuer or the Bank (when the Notes benefit from the Guarantee) or any Subsidiaries of the Bank.

20. Contracts (Rights of Third Parties) Act 1999

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

21. Governing law and submission to jurisdiction

(a) The Trust Deed (except Clauses 2(H) and 7(H) insofar as they relate to Subordinated Notes), the Agency Agreement, the Notes (except Conditions 2*(c)*and 4*(b)*), the Receipts, the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and shall be construed in accordance with, English law save that, with respect to Book Entry Notes only, the form (*representação formal*) and transfer of the Notes, creation of security over the Notes and the Interbolsa procedures for the exercise of rights under the Notes are governed by, and shall be construed in accordance with, Portuguese law. Clauses 2(H) and 7(H) of the Trust Deed (in so far as they relate to Subordinated Notes) and Conditions 2*(c)*and 4*(b)* are governed by, and shall be construed in accordance with, Portuguese law. In each case, the application of such governing law shall be without prejudice to the applicability, under the conflicts rules applicable in the

relevant forum, in the light of such submission, of Cayman Islands law (in relation to matters concerning BCP Finance) or Portuguese law (in relation to matters concerning the Bank as an Issuer or as guarantor, as the case may be).

(b) Each of BCP Finance and the Bank has in the Trust Deed irrevocably agreed, for the exclusive benefit of the Trustee, the Noteholders, the Receiptholders and the Couponholders that the courts of England are to have jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons) and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons) may be brought in such courts.

(c) Each of BCP Finance and the Bank has in the Trust Deed irrevocably waived any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in any such court and any claim that any such Proceedings have been brought in an inconvenient forum and has further irrevocably agreed that a judgement in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other competent jurisdiction. Nothing in this Condition shall limit any right to take Proceedings in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.

(d) Each of BCP Finance and the Bank has in the Trust Deed appointed the London Representative Office of Banco Comercial Português, S.A. at 3rd Floor, 63 Queen Victoria Street, London EC4V 4UA for the time being as its agent for service of process in England in respect of any Proceedings and has undertaken that in the event of it ceasing so to act it will appoint such other person as the Trustee may approve as its agent for that purpose.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the relevant Issuer for the general corporate purposes, which include making a profit, of the Banco Comercial Português Group.

BCP FINANCE BANK, LTD.

Introduction

BCP FINANCE BANK, LTD. ("**BCP Finance**") was incorporated as an exempted company for an unlimited duration with limited liability under the laws of the Cayman Islands, on 27 March 1998 with registered number 80648.

The Registered Office of BCP Finance is 3rd floor, Strathvale House, 90 North Church Street, George Town, P.O. Box 30124, Grand Cayman KY1-1201, Cayman Islands. Its local Agent and Authorised Representative is Millennium bcp Bank & Trust ("**Mbcp B&T**"), at the same address with telephone and fax numbers (1) 345 815 0450 and (1) 345 949 7743, respectively. Both BCP Finance and Mbcp B&T are wholly owned subsidiaries of Banco Comercial Português S.A. ("**BCP**").

Board of Directors

(a) The Directors of BCP Finance are as follows:

Name	*Position in BCP Finance*	*Principal activity outside*
Filipe Maria de Sousa Ferreira Abecasis	Chairman and Director	General Manager of BCP and Head of the Assets and Liabilities Management of the BCP Group
Helena Soares Carneiro	Vice-Chairman and Director	Director and General Manager of Mbcp B&T
Belmira Abreu Cabral	Director	Manager of BCP and Head of Accounting of the BCP Group
José Carlos de Castro Monteiro	Director	Director and Senior Private Banker of Mbcp B&T
Alex Antonio Urtubia	Director	Director and IT and Resources Manager of Mbcp B&T

Mr. José Carlos de Castro Monteiro is the Secretary of BCP Finance and Mr. Alex Antonio Urtubia is the Assistant Secretary.

The business addresses of each of the Directors of BCP Finance are (i) in the case of Mr. Filipe Maria de Sousa Ferreira Abecasis, Banco Comercial Português S.A., Avenida Professor Cavaco Silva, Edifício 1, Piso 1 A, 2744-002 Porto Salvo, Portugal and Ms. Belmira Abreu Cabral, Banco Comercial Português S.A., Avenida Professor Cavaco Silva, Edifício 3, Piso 1 B, 2744-002 Porto Salvo, Portugal, and (ii) in the case of Ms. Helena Soares Carneiro, Mr. José Carlos de Castro Monteiro and Mr. Alex Antonio Urtubia, 3rd floor, Strathvale House, 90, North Church Street, George Town, P.O. Box 30124, Grand Cayman KY1-1201, Cayman Islands.

(b) The Directors do not, and it is not proposed that they will, have service contracts with BCP Finance.No Director has entered into any transaction which is or was unusual in its nature or conditions or was significant to the business of BCP Finance since its incorporation. No Director or any connected person has any interests, whether or not held by a third party, in the share capital of BCP Finance. At the date of this document there were no loans granted or guarantees provided by BCP Finance to any Director of BCP Finance.

As at the date of this Offering Circular, the Directors have not received, nor it is intended that they should in the future receive, any remuneration for the provision of their services to BCP Finance.

Other than as stated above, no Director has any activities outside BCP Finance which are significant with respect to BCP Finance.

There are no potential conflicts of interest between the duties of the persons listed above to BCP Finance and their private interests or duties.

BCP Finance complies with the general provisions of Cayman Islands law on corporate governance.

Audit Committee

The Audit functions of BCP Finance are centralised in the Internal Auditing Department of the BCP Group.

Group's Risk Management

BCP's Executive Committee of the Board of Directors is responsible for the definition of the risk policy, including approval at the very highest level of the principles and rules to be followed in risk management and of the guidelines dictating the allocation of capital to the business.

The Board of Directors , through the Audit and Risk Committee, ensures the existence of adequate risk control and of risk management systems at the level both of the Group and of each entity. The Board of Directors is also charged with approving the risk tolerance level acceptable to BCP and each entity, proposed by BCP's Executive Committee.

The Risk Committee is responsible for monitoring the overall levels of risk incurred, ensuring that they are compatible with the objectives and strategies approved for the business. This Committee has two subcommittees: Credit Risk and Pension Fund Monitoring.

The Group Risk Officer is responsible for the control of risks in all the Group entities, in order to ensure that the risks are monitored on an overall basis and that there is an alignment of concepts, practices and objectives throughout the Group. He must also keep the Risk Committee informed of the Group's level of risk, proposing measures to improve control and implementing the approved limits.

The activity of every entity included within the BCP's consolidation perimeter is governed by the principles and decisions established centrally at Risk Committee level; each entity is provided with Risk Office structures which relate to the risks inherent in its particular business. A Risk Control Committee, in which the Group Risk Officer take part, has been set up at each subsidiary and is responsible for the control of risks at local level.

Activities

BCP Finance is a wholly owned subsidiary of BCP (indirectly) and acts as an overseas finance vehicle of BCP and of the BCP Group, issuing notes pursuant to the Programme.

According to the Memorandum of Association, article 3, "the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by any law. Without prejudice to the foregoing generality, the objects for which the Company is established include the following:

(i) To carry on, in any part of the world, business as bankers, capitalists, financiers, promoters concessionaires and merchants, and to undertake, carry on and execute all kinds of financial, commercial, manufacturing, trading and other operation, and to carry on any business which may seem to be capable of being conveniently carried on in connection with any of these objects, or calculated directly or indirectly, to enhance the value of, or facilitate to realization of, or render profitable, any of the property or rights of the Company;

(ii) To advance, deposit or lend money, securities and property, to or with such persons and on such terms as may seem expedient, to discount, buy, sell and deal in bills, notes, warrants, coupons, and other negotiable or transferable securities or documents, to issue, confirm, notify and advise letters of credit of any kind, whether revocable or irrevocable, to guarantee or become liable for the payment of money or for the performance of any obligations, to engage in exchange of foreign currencies;

(iii) To carry on the business of a trust company or corporation in all its branches, and, without limiting the generality of the foregoing words, to undertake and execute trusts of all kinds, whether private or public, and to undertake the office of and act as trustee, executor, administrator, manager, agent, attorney, nominee, delegate, substitute director, secretary, treasurer, registrar, paying agent, receiver, liquidator, or for any person or persons, company, corporation, government, state, colony, province, dominion, sovereign or authority, supreme, municipal, local or otherwise, and generally to undertake, perform and discharge any trusts or trust agency business, and any office of confidence, either solely or jointly with others."

Share Capital

The existing issued ordinary shares of BCP Finance are not listed on any stock exchange and are not dealt in any recognised market.

The authorised share capital of BCP Finance is U.S.$246,000,000 divided into 246,000,000 Ordinary Shares of U.S.$1.00 par value each, issued to BCP International II, Sociedade Unipessoal, S.G.P.S., Lda ("BCP INT II"). During 2010, BCP International II, Sociedade Unipessoal, S.G.P.S., Lda, changed its name to Millennium bcp Participações, S.G.P.S., Sociedade Unipessoal, Lda.

On 15th January 2010, BCP Finance carried out the conversion of its 31,500,000 Series A Floating Rate Non-Cumulative Non-Voting Preference Shares, of U.S.$1.00 par value each, into 31,500,000 Ordinary Shares of U.S.$1.00 par value each. This operation was duly authorised by the Cayman Islands Monetary Authority and the shares were fully subscribed and paid by BCP INT II.

There are no arrangements in place from which a change of control of BCP Finance may result.

General

KPMG, situated at Century Yard, Cricket Square, George Town, P.O. Box 493, Grand Cayman KY1-1106, Cayman Islands are the auditors of BCP Finance (having been appointed by the Board of Directors on 31st March, 1998 and having audited all the Issuer's annual reports including the two most recent ones for the years ended 31st December, 2010 and 2011).

BCP Finance has made no investments since the date of its last audited financial statements and has made no firm commitments on future investments.

There have been no recent events particular to BCP Finance which are to a material extent relevant to the evaluation of BCP Finance's solvency.

No trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on BCP Finance's prospects for the current financial year have been identified.

Other than the execution of the Subscription Agreement, the Dealer Agreement and any amendments thereof, the Agency Agreement and any amendments thereof, the Trust Deed and the Notes under the Programme, BCP Finance has not entered into any contract outside the ordinary course of its business which could result in the Issuer being under an obligation or entitlement that is material to its ability to meet its obligations to the holders of the Notes issued under the Programme.

BCP FINANCE BANK, LTD.

Balance Sheets as at 31 December, 2011 and 2010

(Amounts expressed in thousands of USD)

	2011	*2010*
Assets		
Loans and advances to credit institutions		
Repayable on demand	1,058	273
Other loans and advances	5,056,295	8,776,677
Financial assets held for trading	769,221	720,748
Financial assets available for sale	4	4
Hedging derivatives	10,125	9,299
Other assets	121	129
Total Assets	5,836,824	9,507,130
Liabilities		
Deposits from credit institutions	1,460,206	1,304,794
Debt securities issued	2,466,426	4,146,264
Financial liabilities held for trading	790,605	762,713
Other financial liabilities at fair value through profit and loss	76,134	1,330,916
Hedging derivatives	–	497
Subordinated debt	184,468	1,307,655
Other liabilities	373	3,349
Total Liabilities	4,978,212	8,856,188
Shareholder's Equity		
Share capital		
Ordinary shares	246,000	246,000
Share premium	315,000	315,000
Fair value reserves	8,092	10,213
Reserves and retained earnings	289,520	79,729
Total Shareholder's Equity	858,612	650,942
	5,836,824	9,507,130

BCP FINANCE BANK, LTD.

Statements of Comprehensive Income
for the years ended 31 December, 2011 and 2010

(Amounts expressed in thousands of USD)

	2011	*2010*
Interest and similar income	161,091	188,438
Interest expense and similar charges	158,113	181,537
Net interest income	2,978	6,901
Gains arising from trading and hedging activities	1,754,742	1,304,433
Total operating income	1,754,742	1,304,433
Losses arising from trading and hedging activities	1,444,256	1,207,447
Other administrative costs	125	142
Other operating expenses	78	97
Total operating expenses	1,444,459	1,207,686
Profit/(loss) for the year	313,261	103,648
Other Comprehensive Income		
Exchange differences arising on translation of retained earnings	(23,741)	3,165
Exchange differences arising on translation of fair value reserves	(323)	(1,015)
Changes in fair value reserves		
Financial assets available for sale	(1,798)	(2,779)
Other Comprehensive Income/(Loss)	(25,862)	(629)
Total comprehensive income/(loss) for the year	287,399	103,019

BCP FINANCE BANK, LTD.

Cash Flows Statements
for the years ended 31 December, 2011 and 2010

(Amounts expressed in thousands of USD)

	2011	*2010*
Cash flows arising from operating activities		
Interest income received	168,861	189,105
Interest expense and commissions paid	(203,008)	(175,778)
Net cash flows from trading and hedging activities	331,035	(250)
Operating fees and other payments	(201)	(214)
(Increase)/decrease in operating assets		
Loans and advances to credit institutions	3,710,491	5,741,905
Deposits from credit institutions	154,599	430,637
Other liabilities	(2,962)	2,273
	4,158,815	6,187,678
Cash flows from financing activities		
Repayment of debt securities and Other financial liabilities at fair value through profit and loss	(3,103,394)	(6,073,532)
Proceeds from issuance of debt securities and Other financial liabilities at fair value through profit and loss	5,110	379,686
Repayment of subordinated debt	(1,044,908)	(496,862)
Proceeds from issuance of subordinated debt	88,632	–
Dividends paid	(79,729)	(502)
Exchange differences arising on translation of retained earnings and income for the period at year-end rates	(23,741)	3,165
	(23,741)	3,165
Net changes in cash and equivalents	785	(367)
Cash and cash equivalents at the beginning of the year	273	640
Cash and equivalents at the end of the year	1,058	273

DESCRIPTION OF THE BUSINESS OF THE GROUP

A. Description of the Business of the Group

Overview

Millennium bcp Group (the "Group") is the largest banking group in Portugal in terms of number of branches and the second largest in terms of total assets, loans to customers (gross, excluding off balance sheet securitisations) and customer deposits, as at 31 December 2011 (based on data from the Bank of Portugal). The Group offers a wide range of banking products and related financial services, both in Portugal and internationally, namely demand accounts, instruments of payment, savings and investment products, mortgage-loans, consumer credit, commercial banking, leasing, factoring, insurance, private banking and asset management, among others, and its customers are served on a segmented basis. Internationally, the Group is highly regarded in Europe and Africa by virtue of its operations in Poland, Greece, Romania, Switzerland and in Mozambique and Angola, all of which operate under the Millennium brand.

In accordance with International Financial Reporting Standards ("IFRS"), the Group had at 31 December 2011, total assets of Euro 93,482 million and total customer funds (including customer deposits, debt securities, asset management and capitalization insurance) in the sum of Euro 65,530 million. Loans to customers (net) amounted to Euro 68,046 million. The consolidated solvency ratio, calculated in accordance with Bank of Portugal rules stood at 9.5% (Core Tier I at 9.3%).

Based on the latest available data from Bank of Portugal, the Group accounted for 19.6% of loans to customers (gross) and 17.6% of customer deposits in the Portuguese banking sector on 31 December 2011.

In addition, on 31 December 2011, the Bank was one of the largest companies listed on Euronext Lisbon in terms of market capitalisation (Euro 980 million).

The Bank's registered offices are located at Praça Dom João I, 28, 4000–295 Porto, with telephone number +351 211 134 001.

Bank History

Banco Comercial Português was incorporated in 1985 as a limited liability company ("sociedade anónima"), registered at the Commercial Registry of Porto with a single register and fiscal number of 501 525 882, and is organised under the laws of the Portuguese Republic, in the wake of the deregulation of the Portuguese banking system, which allowed private-capital commercial banks to be established. The Bank was founded with the support of a group of over 200 founding shareholders and a team of experienced banking professionals who sought to capitalise upon the opportunity to form an independent financial institution, operating primarily in Portugal, that would serve the underdeveloped domestic financial market in areas and in a manner previously unexplored by the state-owned banks.

The first stage of the Millennium Group development was characterised primarily by organic growth and, until 1994, the Bank was able to significantly increase its share of the Portuguese financial services market by exploiting the market opportunities presented by deregulation. In 1994, Banco Comercial Português gained market shares of 8.3% in total assets, 8.7% in loans to customers and 8.6% in deposits, according to information released by the Portuguese Banking Association ("Associação Portuguesa de Bancos").

After 1994, competition in the domestic banking market intensified following the modernisation of existing financial institutions and the entry of new foreign and domestic deposit taking banks and non-deposit taking financial institutions. The Bank decided to acquire a domestic bank with a complementary business focus to secure additional market share in domestic banking, insurance and other related financial services sectors. In March 1995, the Bank acquired control of Banco Português do Atlântico, S.A. ("BPA" or "Atlântico"), which was then the largest private sector bank in Portugal. This followed a joint take-over bid for the whole share capital of Atlântico, launched together with Companhia de Seguros Império ("Império"), a Portuguese insurance company. In June 2000, Atlântico was merged into the Bank.

The Bank took a clear decision to opt for an internationalisation strategy, after the consolidation of its relevant position in the Portuguese market. From the beginning, the aim underlying the involvement in a process of internationalisation was the desire to participate in businesses with strong growth prospects in foreign markets with a close historical connection with Portugal and with businesses that have large communities of Portuguese

origin – including Mozambique, Macao, Luxembourg, France, USA and Canada – as well as in markets where there is a strong commercial rationale for establishing banking operations following a similar business model to the one the Bank has adopted in its Portuguese market – including Poland and Greece. The access to specialised knowhow and the new organisational capabilities led to the development of strategic partnerships with selected foreign financial institutions. These included alliances with Fortis (currently, Ageas) for bancassurance in Portugal, Eureko for bancassurance in other markets, Banco Sabadell in Spain (wherein the Group provides support to Banco Sabadell customers in Portugal while Banco Sabadell provides support to the Group's customers in Spain), and F&C Investments, for the asset management activities of the Group, and, in 2007, the establishment of a partnership with Sonangol, providing for the subscription of up to 49.99% of Banco Millennium Angola through a capital increase of the former.

In 1998, the Bank entered into a partnership agreement with the Polish financial group, BBG, pursuant to which it launched a retail operation with BBG in the Polish market under the name "Millennium". This joint venture was controlled jointly by the Bank and BBG. As part of a restructuring of BBG in 2002, the Bank and BBG decided to merge their Millennium joint venture into BBG and to establish one banking operation. During the fourth quarter of 2002, the Bank increased its shareholding in BBG to 50% of its share capital. At the start of 2003, BBG changed its name to Bank Millennium. All existing BBG branches and brands were rebranded under the name 'Bank Millennium'. On 16 December 2006, a further 15.51% of Bank Millennium's share capital and voting rights was acquired, increasing the Bank's participation to 65.51% of Bank Millennium's share capital and voting rights.

In July 1999, the Bank and Interamerican Hellenic Life Insurance Company S.A. ("Interamerican"), one of the largest Greek life insurers and a wholly owned subsidiary of Eureko, launched a joint greenfield retail banking operation in the Greek market, NovaBank. Following the April 2005 acquisition of the remaining 50% of NovaBank's share capital, BCP wholly owned NovaBank. Following the brand change in all its Group operations in 2006, Novabank started to operate under the name of Millennium Bank.

The joint takeover bid for the whole share capital of Atlântico led to further co-operation between the Bank and the José de Mello Group, which was Império's largest shareholder. This culminated in the merger of the Bank's financial services business with that of the José de Mello Group in January 2000. The merger included the purchase from the José de Mello Group, of its subsidiaries Uniparticipa and Finimper which, in turn, controlled 51% of the share capital of each of Banco Mello and Império, respectively. Subsequently, the Bank launched public offers for the minority interests in Banco Mello and Império. In June 2000, Banco Mello was merged into the Bank.

In March 2000, the Bank reached an agreement with Caixa Geral de Depósitos ("CGD") for the purchase of a controlling stake in Banco Pinto & SottoMayor ("SottoMayor"), held by CGD. In April 2000, the Bank purchased, in a public tender offer, a majority interest in SottoMayor from CGD and the remaining shares in SottoMayor from its minority shareholders. In December 2000, SottoMayor was merged into the Bank.

With a view to strengthening the focus on the core business of distribution of financial products including bancassurance, and to optimise capital consumption, important agreements were established in 2004 with Caixa Geral de Depósitos and Ageas Groups relating to non-bancassurance insurance. In the former case, the agreement involved the sale of the whole of the share capital of insurers Império Bonança and Seguro Directo, and of Impergesto and Servicomercial. The agreement with Ageas involved the sale of 51% of the share capital and the transfer of management control of the insurers Ocidental – Companhia Portuguesa de Seguros, S.A. ("Ocidental"), Ocidental – Companhia Portuguesa de Seguros de Vida, S.A. ("Ocidental Vida") and Médis – Companhia Portuguesa de Seguros de Saúde, S.A. ("Médis"), and of the pension-fund manager Pensõesgere – Sociedade Gestora de Fundos de Pensões, S.A. ("Pensõesgere"). Following approval by the relevant authorities, these operations took place in the first half of 2005. Within the scope of this partnership, Ageas increased its shareholding in the Bank to 4.99% in September 2005. As a consequence of the two BCP share capital increases that took place in 2006, Ageas's shareholding in the Bank fell to 4.94%. In September 2007, Ageas disposed of its qualified holdings in the share capital of BCP.

During 2005, important operations were carried out in the matter of the sale of or reduction of exposure to non-core assets, particularly: completion of the sale of Crédilar; the agreement for the sale of Santander Consumer Finance of BCP's holding in Interbanco (50.001% of its share capital); the agreement with Hong Kong-based Dah Sing Bank Limited for the sale of the banking and insurance businesses carried out in Macao, while ensuring the continuation of the local Millennium bcp branch; the sale of shareholdings in Friends Provident, Banca Intesa, PZU, and reduction of the holding in EDP. These were measures of strategic nature

that generated considerable capital gains and made a material contribution to an increase in the Group's own funds.

In 2005, BCP participated in the process of the privatisation of Banca Comerciala Romana ("BCR") with the aim of acquiring a controlling participation in the share capital of BCR held by the Romanian State. The rationale behind the participation in the process of privatisation of BCR was based on its potential contribution to the transformation of BCP into a multi-national bank operating not only in Portugal but also in emerging European countries and/or conforming to European Union standards. BCP was selected (short listed) by the BCR Privatisation Commission and by the Romanian Authority for Assets Recovery ("AVAS") as one of the two institutions that went through to the next stage of the privatisation process. However, BCP was not selected as the acquirer of BCR, as its financial offer was not the highest price offered. In October 2007, BCP launched a greenfield operation in Romania.

During 2006, important operations were carried out in the matter of the sale of or reduction of exposure to non-core assets, particularly: conclusion of the sale of the 50.001% stake in Interbanco, S.A., in a transaction that had been announced on 5 August 2005; completion of the sale of 80.1% of the share capital of Banque BCP France and Banque BCP Luxembourg to the French financial institution, Groupe Caisses d'Epargne – the Group retained 19.9% participation in both the French and Luxembourg operations and established cooperation agreements with the buyer for developing cross-border remittances in both markets; closing of an agreement with the Canadian financial institution BMO Financial Group (formerly the Bank of Montreal) in respect of the sale of the whole of the share capital of bcpbank Canada; and the closing of an agreement by BCP and BCP Pension Fund with EDP – Energias de Portugal S.A. with a view to the sale of the whole of BCP's holding in ONI SGPS S.A., corresponding to 23.062% of its share capital.

BCP made a preliminary public announcement on 13 March 2006 for the launch of a General Tender Offer for the acquisition of the shares representing the total share capital of Banco BPI, S.A. ("BPI"). On 16 March 2007, the final decision from the Portuguese Competition Authority of non opposition to the acquisition by BCP of BPI through the public takeover originally announced on 13 March 2006 was formally notified, with the imposition of certain conditions and obligations. On 5 April 2007, CMVM granted the final registration of the General Tender Offer for the acquisition of BPI. On 7 May 2007, the results of the general tender offer for the acquisition of the shares representing the share capital of Banco BPI, S.A. by BCP, were published by Euronext Lisbon, and notwithstanding the undoubted strategic rationale and attractiveness of the offered compensation, the offer was not successful.

During 2007, BCP sold its shareholdings of 1.954% in Sabadell and 1.641% in EDP to the BCP pension fund. Following the agreement with Banco Santander (Portugal) Group and BCP Pension Fund, represented by its managing company PensõesGere for the acquisition by BCP of BPI shares, the Bank acquired a 10.50% stake of Banco BPI, SA. On 31 May 2007, Banco Comercial Português announced the reduction in a sale in the trading session of Euronext Lisbon, of its participation in the Banco BPI, SA from 12.30% to 9.9988%. On 17 December 2008, Banco Comercial Português sold 87,214,836 shares representing 9.69% of Banco BPI, SA share capital, to a company wholly owned by Santoro Financial Holdings, SGPS, SA, incorporated under Portuguese law, disposing of its qualified participation in Banco BPI, SA.

On 25 October 2007, BCP received a proposal from Banco BPI, S.A. to negotiate a possible merger of the two banks. On 30 October 2007, the Executive Board of Directors of BCP, considered the terms of the proposal inadequate and unacceptable but also resolved to express to the Board of Directors of BPI its willingness to initiate talks for the purpose of reaching a merger agreement, as long as this process was not subject to preconditions of any nature whatsoever and that the ultimate objective would be to reach an equitable solution and create, from a strategic standpoint, a fully autonomous institution. On 25 November 2007, the talks that had started on 6 November 2007 with BPI, with the aim of reaching a possible merger agreement between the two banks, were concluded without success.

On 15 May and 23 September 2008, BCP signed strategic partnership agreements with Sonangol – Sociedade Nacional de Combustíveis de Angola, Empresa Pública ("Sonangol") and Banco Privado Atlântico S.A. ("BPA"). The group of interlinked agreements that govern this partnership include a framework agreement that foresees, notably, an indicative qualified stake of Sonangol in the share capital of BCP and, while this stake remains as such, a presentation to the shareholders of BCP of a proposal for the appointment of a member agreed with Sonangol to be a member of the Supervisory Board and the Senior Board of BCP, as well as consultation principles that will govern the evolution of the qualified stake referred to. The partnership also contemplated the acquisition of up to 49.9% of the share capital of Banco Millennium Angola ("BMA") by Sonangol and by Banco Privado Atlântico by means of a share capital increase to be subscribed in cash, which

took place in February 2009. Under the terms of the agreements, BMA maintains its current nature as Banco Comercial Português subsidiary, but will benefit from the reference participations therein held by Sonangol and BPA. Under the agreement, BMA acquired a 10% stake in BPA's share capital.

The deterioration of global macroeconomic conditions, between the end of 2008 and early 2009, was exacerbated by the impact of the preceding financial turbulence, exerting considerable pressure on the profitability and solvency of financial institutions. Thus, in 2009, in view of a particularly adverse context and under the pressure of many exogenous variables, Millennium bcp considered that, following a period of institutional stabilisation, conditions were gathered for establishing new strategic priorities based on three fundamental pillars: 'Solidity and Trust', 'Commitment and Performance' and 'Sustainability and Value', focusing on the European portfolio and setting affinity markets as one of the principal lines of action. As a result of the reanalysis of the portfolio of international operations, in October 2010 the Bank sold the entire network of branches of Millennium bcp bank in the United States of America ("USA"), the respective deposit base and part of the loan portfolio to Investors Savings Bank, ceasing to hold banking operations in the USA. Also following the above mentioned strategy of focusing on affinity markets, the Bank also concluded, in December 2010, the process of sale of 95% of the share capital of Millennium Bank A.S. in Turkey to the financial institution Credit Europe Bank, N.V..

The year of 2010, which had been expected to be a year of recovery from the financial crisis experienced in the previous years, was marked by the eclosion of the sovereign debt crisis, which shadowed the European markets, especially the markets of peripheral countries. In response to the aggravation of the economic and sovereign crisis, Millennium bcp carried out a new adjustment to its strategic agenda, having implemented initiatives based on three priority lines: i) 'Increasing Trust', in particular the strengthening of customer relations, maintaining higher capital ratios via reduction of risk weighted assets (RWA), maintaining control of the commercial gap and improving results; ii) 'Overcoming financial and economic crisis', especially through repricing of loans, growth of funds, deleverage of the balance sheet and the launch of an innovative Bank based on the ActivoBank platform; and iii) 'Focus and Sustainability', through organisational simplification, cost control and focus on the international portfolio.

In December 2010, Bitalpart BV, a wholly-owned subsidiary of BCP agreed to sell to the Pension Fund of Group BCP a minority shareholding corresponding to 2.7% of the share capital of Eureko BV.

On 27 July 2011, Banco Comercial Português announced the new strategic agenda for the period 2011-2014, based on four key drivers: i) to ensure solvency levels above regulatory requirements (9% of Core Tier I in 2011 and 10% in 2012); ii) to manage the deleveraging process to stabilize balance sheet funding needs and structure, having defined as a goal a Loan to Deposit ratio of 120% in 2014; iii) to recover profitability levels in Portugal, aiming at surpassing a 10% Return-on-Equity("ROE"); and; iv) to organise the international portfolio according to attractiveness and availability of resources criteria. In the scope of the new strategic vision and of the aimed focus in Portugal, Africa, Asia and Brazil, the remaining operations in Europe are considered as non-core. In the scope of the strategic agenda adjustment, BCP announced that it had initiated a process of evaluating different scenarios for creating value for the operations in Poland.

On 7 September 2011, BCP announced that it had signed a partnership agreement with Banco Privado Atlântico, S.A. to create a bank in Brazil in order to access opportunities in the Brazilian market, namely in corporate finance and trade finance, through partnerships, reflecting the new strategic agenda to refocus on affinity markets.

On 19 December 2011, Banco Comercial Português, after considering different scenarios for creating value for the operations in Poland, some of them involving offers received for the acquisition of Millennium bcp's shareholding in Bank Millennium, concluded that the option that best protected the interests of all stakeholders and that best preserved its ability for creating value was to maintain its stake in Bank Millennium. Hence, BCP reaffirmed its confidence in the Polish economy, and remained committed to continuing to support the organic growth of Bank Millennium, anchored on its strong retail franchise, a low risk credit portfolio, and efficiency and productivity gains.

B. Business Overview

Nature of Operations and Principal Activities

The Group is engaged in a wide variety of banking and related financial services activities, in Portugal and internationally. The Bank operates in foreign markets, being present in the following markets: Poland, Greece,

Switzerland, Romania, Mozambique and Angola. In Portugal, the Bank's operations are primarily in retail banking, but it also offers a complete range of additional financial services (in accordance with article 3 of the Bank's by laws which provides that "the corporate object is to engage in banking with such latitude as may be permitted by law"). The Bank also engages in a number of international activities and partnerships.

The Bank's banking products and services include demand accounts, instruments of payment, savings and investments, mortgage-loans, consumer credit, commercial banking, leasing, factoring, insurance, private banking and asset management, among others. The Bank's domestic retail banking activities are conducted mainly through its marketing and distribution network in Portugal, which follows a segmented approach to the Portuguese retail banking market and serves the diverse banking needs of specific groups of customers. Back office operations for the distribution network are integrated in order to explore economies of scale.

The Bank has subsidiaries that offer additional financial services, including investment banking, asset management and insurance. These subsidiaries generally distribute their products through BCP's distribution networks. The Bank's retail banking and related financial services activities, together with its international operations and partnerships, are described in greater detail below.

Strategy

In July 2011, BCP announced a strategic agenda for the period of 2011-2014, based on four keys areas of operation: i) to ensure solvency levels above the regulatory requirements (9% of Core Tier 1 in 2011 and 10% in 2012); ii) to manage for deleveraging process in order to stabilize the funding needs and the funding structure; iii) to re-establish the business profit levels in Portugal, in order to obtain a ROE of more than 10%, and iv) to focus on the international portfolio according to its attractiveness and available resources.

The Bank has been constantly adjusting itself in the recent years due to the continuous changes of the macroeconomic and regulatory environment in the banking sector in Europe and in Portugal. In early 2012, the Bank reorganized around a new corporate model, and revised its strategic agenda, consolidating the strategic pillars and priority vectors.

Accordingly, Banco Comercial Português' strategic pillars are currently the following:

- To maintain the unity and consistency of the Group, leveraging on the international operations to enhance value creation;
- To preserve the attractiveness of the Bank's project, creating conditions to reimburse the projected State Aid up until 2016 and to increase share value;
- To reinforce private shareholder structure, while minimizing the dilutive and interfering impact of the projected State Aid;
- To capitalize upon the competitive advantages of Millennium bcp, by exploring synergies, know-how and resources of the several operations.

The strategic guidelines aim to:

<u>In Portugal</u>:

- Reinforce competitive position, recover profitability and increase efficiency on capital allocation;
- Reduce cost loans to deposits, through increased funds and regain market share in affluent segment;
- Optimize credit recovery processes;

  Simplifying with higher efficiency and relevant cost reduction;
- Manage credit granting – altering credit mix towards a stronger support to SMEs and companies in tradable goods sectors.

<u>In the international operations</u>:

- Reinforce the capability of value creation of the international operations - Poland, Angola and Mozambique;

- Reduce exposure to Greece and access to the recapitalization support mechanisms for Greek banks;
- Expand international operations without the State Aid;
- Availability to new partnerships with foreign investors;
- Keep shareholding control.

Business Model

Part of the "back office" operations are provided by Millennium bcp Prestação de Serviços A.C.E. (formerly Servibanca), which plans, monitors and controls the costs and levels of services of the Group activities and provides various operational and technologic services and represents its members before third parties, particularly in areas of IT, operations, management and procurement.

As at 28 February 2012, it was held a General Meeting of Shareholders of Banco Comercial Português, S.A., being approved the alteration and restructuring of the articles of association of the company, which was consolidated in the adoption of an one-tier management and supervision model, composed by a Board of Directors (that includes an Executive Committee), an Audit Committee and a Statutory Auditor.

Following the General Meeting held on 28 February 2012, the internal organisational model of Millennium bcp covers four business areas: Retail, Companies, Asset Management & Private Banking and Business Abroad (Europe, Africa and Other), and two support units - Processes and Banking Services and Corporate Areas.

There are five Coordination Committees, aimed at facilitating the articulation of current managerial decisions, involving the senior management of the units included in each Business Area and in the Banking Services Unit, with the mission of aligning perspectives and supporting the management decision-making process of the Executive Committee:

Retail Committee: This Committee's mission is (i) the monitoring and management of Retail Customers, with the objective of analysing the Bank's activity in this area and finding the best solutions for growth and enhancement of loyalty in the different segments. The duties of this committee involve monitoring the activity and outcomes related to Individual and Business Customers and analysis of compliance with the objectives established; (ii) the definition of the priorities of the commercial action; (iii) the approval of products and services for Retail customers; (iv) the analysis of the business context and proposal of commercial action so as to respond to this context; analysis of the main risk indicators associated to the Individual and Business segments; and (v) the analysis of the models of coordination of the Individuals segment regarding their migration in the value proposition and networks of the Bank.

Companies Committee: This Committee's mission is the analysis and planning of the monitoring and development of the Bank's business in the SME, Corporate and Investment Banking segments. The duties of this committee involve (i) monitoring the activity related to Company and Corporate Customers and analysis of compliance with the objectives established; (ii) definition of the priorities of the commercial action; (iii) approval of the products and services to be launched; analysis of the business context and proposal of commercial action so as to respond to that context; (iv) analysis of the main risk indicators associated to the business; and (v) analysis of the models of coordination of the business regarding their migration in the value proposition and their interconnection with the Bank's networks.

Human Resources Committee: This Committee aims to define, decide and monitor Human Resources policies to support the Bank's operational efficiency and business, aiming to achieve accuracy and meritocracy promoted through a leadership which is strong, enthusiastic, closer to people and based on experience of the values of the Millennium bcp.

European Business Committee: This Committee's mission is the monitoring of activity concerning the Group's operations on the European territory. Its duty involve (i) analysis of the evolution of activity in the different European operations; (ii) search for the best solutions to control costs, increase the efficiency and streamline the various Banks; (iii) monitoring of the Process Management model and governance structure of the different operations and (iv) the definition of the main policies on action and guidelines.

Processes and Banking Services Committee: This Committee's mission is the monitoring of activity in the major areas of support to the bank's front-end services and fundamental search for mechanisms and processes to efficiency, cut costs, and improve the business processes and monitoring of the management structure of

processes implemented at the Bank. The duties of this committee involve (i) the analysis of the evolution of the activities of the areas included under the committee; (ii) search for the best solutions to control costs, enhance the efficiency and streamline the Bank's activity; (iii) monitoring of the Process Management model, governance structure and creation of new processes, definition and stimulation of the duties and competences of the process owners; (iv) approval of proposals of innovation in the management of the Bank's resources and in the optimisation of their use; (v) definition of policies concerning procurement and control of external services to be used by the Bank; (vi) definition of policies on contracting, monitoring and control of outsourcers and other external services; and (vii) definition of the measurement of analysis and evolution of the areas under the control of this committee, so as to enable the continuous measurement of the efficiency and productivity levels of the resources.

The monitoring of the activity of the previous Corporate & Investment Banking segment has been transferred to the Companies Committee. Business Abroad in Africa (Mozambique and Angola) and Other International Business (Macao/China) it was considered that the particularities of these markets require individualised treatment and, consequently, that they would not benefit from integration into coordination committees.

Furthermore, there are five commissions under the Executive Committee, whose duties are essentially of an overall and transversal nature, involving the study and assessment, for each area of intervention, of the policies and principles which should guide the action of the Bank and of the Group. These Commissions are as follow:

Capital, Asset and Liabilities Management Commission (CALCO): is responsible for the monitoring and management of market risks associated to the structure of assets and liabilities, the planning and proposals of capital allocation and proposals for the definition of suitable liquidity and market risk management policies, at the level of the Group's consolidated balance sheet.

Credit Commission: is responsible for resolving on the granting of loans and advances to Customers, pursuant to the Credit Regulation.

Risk Commission: whose duties involve monitoring overall risk levels (credit, market, liquidity and operating risk), ensuring that these risks are compatible with the objectives and available financial resources and strategies approved for the development of the Group's activity. This Commission includes also two sub-commissions:

Credit Risk Monitoring Sub-commission: it is responsible for (i) monitoring the evolution of credit exposure and the contracting process; (ii) monitoring the evolution of the portfolio's quality and key indicators on performance and risk; (iii) monitoring the counterparty risk and concentration risk of the highest exposures; (iv) monitoring the evolution of impairment and the main cases of individual analysis; (v) analysis of the performance of the recovery processes; (vi) monitoring of property portfolio divestment; (vii) preparation of proposals for the definition of policies and rules on credit concession; (viii) monitoring of the Probability of Default ("PD") and Loss Given Default ("LGD") models; and (iv) monitoring of the models underlying the calculation of impairment and monitoring of the automatic decision-making and loan recovery processes.

Pension Fund Risk Sub-commission: whose duties involve monitoring the performance and risk of the Group's Pension Funds and establishing appropriate investment policies and hedging strategies.

Pension Fund Monitoring Commission: whose duties involve monitoring the financial management of the Pension Funds and issuing opinions on proposals to alter the respective pension plans. It was established under the terms of article 53 of Decree-Law 12/2006, of 20 January, as amended by Decree-law 180/2007, of 9 May.

Sustainability Coordination Commission: whose duties involve the submission of proposals for decision-making on topics related to the action plan based on the sustainability policy, the monitoring and reporting on the degree of achievement of the approved initiatives, and the supervision of the preparation of reports and other communication formats in the area of sustainability.

In accordance with the International Financial Reporting Standards ("IFRS") on 31 December 2011, the Group had total assets of Euro 93,482 million and total customers' funds in the sum of Euro 65,530 million. Loans to customers (net) amounted to Euro 68,046 million. The consolidated solvency ratio, calculated in accordance with Bank of Portugal rules, stood at 9.5% (Core Tier I at 9.3%).

In a context of high uncertainty, in particular regarding the mechanisms to overcome the sovereign debt crisis in the Eurozone, the challenges faced by the Portuguese economy and Portuguese financial system have further magnified. Portuguese banks have been confronted with the generalisation of the difficulties in access to funding on international wholesale funding markets. This combined with the capital strengthening

requirements, management of a deleverage process and a particularly adverse macroeconomic and financial context, arising from the austerity and consolidation of public finance measures, have constrained their business, profitability, asset quality and solvency. In spite of that, Millennium bcp has revealed its strength in successfully exceeding the European stress tests and in complying with the European regulatory requirements, regarding matters of capital and liquidity.

In 2011, amongst the various initiatives implemented by Millennium bcp for the purpose of mitigating the adverse effects caused by the intensification of the sovereign debt crisis, the following are of particular importance: i) the operation of liability management on preference shares, completed in October, as well as the deleverage process and reinforcement of financial collateral which, amongst other measures implemented under the capital plan defined by the Bank, enabled the strengthening of the Core Tier I ratio; ii) the loan portfolio repricing initiatives and focus on growth of on balance sheet funds, which had impact in the reduction of the commercial gap by Euro 7.8 billion. Loans and advances to customers declined by 6.4% while deposits increased by 4.2%, in particular concerning domestic business, where deposits grew by 7.2%, comparing to the end of 2010; iii) the expansion of ActivoBank, by opening eight branches in 2011, thus consolidating its status of leadership on the national market in the area of innovation; and iv) the focus on the provision of excellent service, with the Customer satisfaction index having reached its highest level ever (81.2 index points) since the creation of the Millennium brand.

As at 31 December 2011, the business in Portugal accounts for 76.1% of total assets, 76.3% of gross loans to customers and 68.4% of total customers' funds. International operations account for 48.6% of the Group's 1,722 branches and 53.7% of approximately 21,508 employees, presenting a contribution of Euro 122.7 million to the Group, in 2011. Should be highlighted the maintenance of the expansion plans in Africa, with Millennium Angola having opened its 61st branch and Millennium bim, a strong leader in Mozambique, having achieved the milestone of one million active Customers. As a whole, in 2011, these two operations recorded a contribution of Euro 77.2 million to the Group, corresponding to an increase of 62.1%, year-on-year. Also noteworthy are the good results of the Polish operation, held by the Group in 65.5%, which showed a contribution of Euro 74.2 million in 2011 (+39.3% in relation to 2010, including FX effects) and the growing size and importance of such operation in Poland, with 451 branches and a market share of approximately 4.9% in deposits and 5.0% in loans and advances to customers(Source: National Bank of Poland).

Other Financial Services in Portugal

Mortgage Lending

The Bank entered the mortgage lending business in 1992, when it launched, in association with Cariplo – Cassa di Risparmio delle Provincie Lombarda S.p.A. ("Cariplo", now a part of the Italian financial group Banca Intesa), an autonomous mortgage bank, Banco de Investimento Imobiliário, S.A. ("BII"). BII was 69.9% owned by the Group, with the remaining 30.1% being owned by Banca Intesa. BII previously distributed its mortgage products through the Bank's marketing and distribution networks, as well as through its own retail outlets. On 21 September 2005, the Bank reached an agreement with Banca Intesa for the unwinding of the joint venture arrangements in relation to BII. In October 2005, the Bank acquired 30.1% of the capital of BII owned by Intesa, becoming the sole shareholder of BII. Currently, BII is running a book of outstanding mortgage credit originating from mid 2007, which will progressively be reduced over time. BCP runs the Portuguese mortgage business directly.

Online Banking

ActivoBank7 was launched as part of the joint initiative entered into by the Group and Banco Sabadell to launch a banking operation across the Iberian Peninsula in a multichannel approach, taking advantage of the experience and knowledge of the respective domestic markets accumulated by the two institutions involved. The Group had a large amount of experience accumulated during the seven years of its direct banking operation, Banco 7 (launched in 1994), which has achieved leadership in innovation in direct channels of the Portuguese market.

In 2002, ActivoBank7 became 100% owned by the Group, continuing to strive towards consolidation as the first Portuguese bank in the market specialising in offering investment solutions to the private sector through the internet. Keeping an open-architecture framework, this bank offers the best financial products from the most prestigious national and international investment houses.

Despite the uncertainty in the world economy, Millennium bcp confirmed its status as a leading bank with regard to innovation, surprising the market with the launch of a value proposition allowing ActivoBank to provide cutting-edge financial services. And even though this repositioning and restructuring focuses on transactional retail banking, ActivoBank continues to remain true to its original speciality, investment solutions.

This new banking concept involved a new brand image, a new product offering and new service channels, directed at urban customers, young in spirit, who are intensive users of new communication technologies and who favour a banking relationship based on simplicity, transparency, trust, innovation and accessibility. The renewed value proposition is reflected in the brand slogan: "Simplify" – ActivoBank is a Bank thought out in detail to simplify the day-to-day lives of its customers.

ActivoBank is based on distinctive factors, such as branches with extended hours, bank access via smartphones, applications for investment support for iphones. ActivoBank opened eight branches in 2011, consolidating the leading role that the bank holds in the national innovation market. It was recognized by the international financial community, having been honoured with awards such as "Most Innovative Bank in Portugal" by World Finance magazine (Banking Awards 2011), "Best Consumer Internet Bank in Europe" and "Best in Mobile Banking", awarded by Global Finance magazine, among others, and the appointment as one of five finalists among approximately 200 applicants in the Global Banking Innovation Awards in the category "Disruptive Innovation" sponsored by the BAI.

Insurance

The Bank has an interest in insurance activities through Millennium bcp Ageas, a joint venture with Ageas for bancassurance business in Portugal. The Group holds 49% of Millennium bcp Ageas' share capital, while the remaining 51% is held by Ageas.

Foreign Business

In recent years, the Group has pursued a strategy focused on international expansion. The Group has concentrated on those businesses with strong growth prospects in foreign markets and with a close historical connection to Portugal or which have large communities of Portuguese origin (such as Angola and Mozambique), as well as on markets where our successful Portuguese business model can be effectively exported and tailored to suit local markets (such as Poland, Greece and Romania).

Mozambique

The Group has had banking operations in Mozambique since 1995. Banco Internacional de Moçambique ("Millennium bim") is Mozambique's largest bank (Source: Banco de Moçambique). In 2008, the Bank continued its expansion plan for the retail branch network which had begun in 2007, having achieved the historic mark of 100 branches and over half a million customers. At the end of the 3rd quarter of 2011, Millennium bim reached the milestone of 1 million active customers.

In 2011, Millennium bim continued its strategy of growth supported by the programme of expansion of the branch network, being its enlargement to the whole country an unequivocal sign of Millennium bim's commitment to increasing banking sector penetration. The focus on increasing accessibility and proximity and expanding customer relations has decisively contributed to reaching the milestone of 1 million active customers.

As at 31 December 2011, Millennium bim had Euro 1,793 million in total assets, Euro 1,338 million in customers' funds, Euro 1,061 million in loans to customers (gross), and was operating with 138 branches with 2,377 employees. Net income of Millennium bim in Mozambique increased 69.3% to Euro 89.4 million in 2011. This growth was due mainly to the increase of net interest income, together with credit volume growth, having also been influenced by the appreciation of the Metical, and was achieved despite the costs incurred in connection with the expansion of the branch network.

Angola

Banco Millennium Angola, SA ("BMA") was incorporated on 3 April 2006, as a result of the transformation of BCP's branch in Angola into a bank incorporated under the laws of Angola. In 2008, BMA strengthened its goal of contributing to the modernisation and development of the Angolan financial system by providing

marketing innovative, personalised financial products and services conceived to satisfy all the financial needs and expectations of the various market segments, and maintaining the highest quality and specialisation standards.

In February 2009, the financial transactions relating to the strategic agreement established with Sonangol – Sociedade Nacional de Combustíveis de Angola, Empresa Pública ("Sonangol") and Banco Privado Atlântico S.A. ("BPA"), were completed through a rights issue carried out by BMA, in the amount of USD 105,752,496.80. Presently, Sonangol holds a 31.5% stake in the capital of BMA, and BPA holds a 15.8% stake. BMA has meanwhile acquired a 10% stake in the capital of BPA.

Following this capital increase, BMA was in a position to carry out its business plan, with plans to invest more than USD 200 million over the next three years to expand the retail branch network and create more than 1,000 jobs in Angola.

In 2011, the strategic priorities of BMA were essentially based on business development, cost containment and greater control of the quality of the loan portfolio. The Bank's retail network continued to expand through the increasing number of branches, growth of the customer base and attraction of balance sheet funds in each business segment. During the year of 2011, 22 branches were inaugurated, raising the number of branches of the retail network to a total of 61, 30 of which open on Saturday mornings. It is particularly noteworthy that, by December 2011, after the inauguration of the Ndalatando branch in the province of Kwanza Norte, BMA covered all of the 18 provinces of Angola.

At the end of 2011, BMA had total assets of Euro 1,388 million, an increase of 37.2% in relation to the 2010 figure. Loans to customers and customer funds performed very well during the year, with increases of 8.8% and 46.9% respectively, compared to the previous year. Customer funds reached Euro 872 million, while loans to customers (gross) reached Euro 506 million. Net income for 2011 stood at Euro 33.3 million, an increase of 41.1% in relation to 2010, essentially reflecting the good performance of operating income, with a special emphasis on the growth of net interest income.

Poland

In Poland, the Group operates through Bank Millennium, S.A., a universal bank directed at individuals and at small and medium-sized companies. Bank Millennium offers a complete range of financial products and services, including deposit-taking, savings and investment products, short-, medium- and long-term lending (including mortgage lending and consumer credit), debit and credit cards, fund transfers and other payment methods, mutual funds, insurance, leasing, treasury services and money market transactions.

In 1998, the Group entered into a partnership agreement with the Polish financial group, BBG, pursuant to which the Group launched a retail operation with BBG in the Polish market under the name "Millennium". This joint venture was controlled jointly by the Group and by BBG. As part of a restructuring of BBG in 2002, the Group and BBG decided to merge the Millennium joint venture into BBG and to establish one banking operation. During the fourth quarter of 2002, the Group increased its shareholding in BBG to 50% of BBG's share capital. At the start of 2003, BBG changed its name to Bank Millennium. In December 2006, the Group acquired 131,701,722 Bank Millennium shares corresponding to 15.51% of its share capital and voting rights, at the price of PLN 7.30 per share, thus increasing the Bank's holding in Bank Millennium S.A. to 65.51% of its share capital and voting rights. In February 2010, Bank Millennium successfully completed a capital increase of approximately Euro 258.6 million (PLN 1,055.4 million) through a rights issue of 363,935,033 new shares (3 shares per each 7 owned) with a subscription price of PLN 2.9 per share. BCP (the main shareholder with 65.5% of the share capital) exercised its pre-emptive rights. The remainder of the rights issue was fully subscribed, with the shares available to minority shareholders being almost four times oversubscribed.

Leveraging on a renewed network of 451 retail branches – including the larger multisegment outlets – Bank Millennium is one of the operators in the Polish market that has returned the greatest growth, underpinned by an efficient sales industrialisation platform and by growing awareness of the Millennium brand.

After the two year period of 2009/2010 dedicated to the internal reorganisation in which Bank Millennium implemented the 2010 Millennium strategic programme, designed to minimise the impact of the worldwide financial crisis on its activity, in 2011 the Bank concentrated completely on business development and on the fine-tuning of profitability levels, keeping costs under control and maintaining a conservative risk profile. Bank Millennium pursued its policy of new customers acquisition and simultaneously promoted the deepening of relations with the existing customers based on the cross-selling ratio, on the improved level of the quality of

services and on the offer of innovative products which enabled the maintenance of the high level of sales and the increasing of its market share.

As at 31 December 2011, Bank Millennium had total assets of Euro 11,404 million, Euro 9,292 million in customer funds, Euro 9,545 million in loans to customers (gross), and was operating with 451 branches and 6,289 employees. Bank Millennium's net income in 2011 was Euro 113.3 million, higher than in the corresponding period in 2010, essentially as a result of the core income increase and impairment decrease. The improvement in core income was underpinned by the rational management of term deposits spread, the impact of the efforts made since 2009 to adjust the spreads of the loans to companies to current market conditions and the significant increase in the cross-selling ratio. Particular note should be made to the reduction of cost of risk in relation to 2010, essentially as a result of the improvement of the loan portfolio quality and the maintenance of a conservative policy of write-downs.

Greece

Millennium Bank in Greece is focused on retail banking and on further developing its private banking, corporate and companies businesses. In July 1999, the Bank and Interamerican Hellenic Life Insurance Company S.A., one of the largest Greek life insurers and a wholly owned subsidiary of Eureko, launched a joint greenfield retail banking operation in the Greek market, NovaBank. Following the April 2005 acquisition of the remaining 50% of NovaBank's share capital and controlling rights, the Bank wholly-owns NovaBank. The brand 'Millennium' was adopted in 2006.

Since its creation, Millennium Bank has implemented an ambitious development plan focused on fast organic growth and, at the same time, growth in income and value creation. Millennium Bank's strategy is based on developing innovative products and services and providing excellent quality of service, together with a specialised approach to business customers.

During 2011, Greece's banking sector was significantly affected by the aggravation of the economic and financial crisis, which caused a significant increase of funding costs, intensification of competition in terms of deposits attraction, deterioration of the quality of the loan portfolio as a result of the increased levels of default, and greater restrictiveness in loan concession.

In spite of the adverse macroeconomic circumstances, the acquisition of customers was significant in 2011. The Bank registered 21 thousand new customers, increasing the total customer base of Millennium bank to 584 thousand by the end of December 2011, representing over 6% of the population actively engaged with the banking sector in Greece (Source: Hellenic Statistical Authority Office).

Following the transformation agenda implemented in 2010, Millennium Bank continued to adjust rapidly to the growing market uncertainty by acting in accordance with four strategic pillars: i) Capital: the capital base was strengthened – a share capital increase of Euro 105 million was completed in December 2011 - in order to comply with the new minimum capital requirements, measures of optimisation of risk weighted assets and a liabilities repurchase programme were implemented; ii) Liquidity: Millennium Bank maintained the deleveraging programme, simultaneously implementing various measures to protect its deposit base, even in a context of generalised removal of deposits from the Greek banking system - the market share of deposits increased from 1.3% in December 2010 to 1.4% in December 2011(Source: Bank of Greece) - and, reducing loans and advances to customers by 6.9% when compared to 2010, thus reducing structural funding needs; iii) Default: minimisation of the impact of delinquency, continuing to improve risk management and control processes in order to limit the increase of overdue loans; and iv) Efficiency: adjustment of the bank to current reality, having completed the reconstruction plan in December 2011 so as to achieve the optimisation of costs through rationalisation measures implemented rapidly and in a sustainable manner. More specifically, Millennium Bank proceeded with the optimisation of the branch network, reducing the network by 35 branches, so as to increase the effectiveness of the commercial efforts and resilience of the bank, especially in the bleak current context. Furthermore, Millennium Bank finalised a voluntary staff reduction scheme, achieving a reduction of 258 employees in 2011.

As at 31 December 2011, Millennium bank had total assets of Euro 6,364 million, customer funds of Euro 2,983 million and loans to customers (gross) of Euro 4,865 million, operating with 120 branches and 1,212 employees. Net income amounted to Euro -3.5 million in 2011.

Switzerland

Millennium Banque Privée BCP is a private banking platform set up in Switzerland in 2003 which provides services to Group clients, with a focus on the Portuguese, Greek, Polish and Brazilian markets. All its activities are centred on the client. High-quality services are provided, with an emphasis on innovation and performance based on trust and discretion, and supported by a team that has excellent qualifications and skills at every level of the organisation. The Bank values innovation and dedication to excellence, and this is reflected in the ongoing training of its staff.

In 2011, Millennium Banque Privée BCP's activity was particularly affected by the sovereign debt crisis and its consequences on the evolution of business, and by the extreme volatility of the financial markets. In a very adverse environment, characterised by the decrease of the assets base of Portuguese customers, the adoption of a deleveraging strategy and the appreciation of the Swiss Franc, Millennium Banque Privée BCP recorded, in 2011, a reduction of 11% in income essentially derived from commissions decrease. However, and in spite of the reduction of the loan portfolio, the efforts aiming to increase spreads enabled Millennium Banque Privée BCP to preserve its net interest margin. Last year's performance was also marked by the unfavourable evolution of impairment. By the end of the year, and in view of the adverse economic circumstances experienced during 2011, Millennium Banque Privée BCP recorded a decline in net income, which fell from Euro 4.2 million to Euro -12.0 million. The deleverage strategy pursued allowed the Bank to progressively reduce its funding needs and concentrate on its operating activities. It is also important to stress that Millennium Banque Privée BCP shows high financial solidity, embodied in a Core Tier I ratio of 53.2% at the end of 2011.

Romania

Millennium Bank, greenfield operation launched in Romania in October 2007, is a nation-wide bank offering a wide range of innovative financial products and services to individuals and companies, leveraged by a network of 66 retail branches and 6 company centres, covering main Romanian cities.

Having recently completed its 4th anniversary, Millennium Bank has consistently strengthened its positioning in the Romanian banking sector, supported by the sustainable business growth and by the bank's growing reputation in the market. Millennium bank has clearly demonstrated its capacity to rapidly adapt its strategy to changing circumstances. After a period dedicated to the adjustment of its business model, implementing a series of measures to improve efficiency and fine-tune its risk policy, Millennium Bank is currently prepared to enter into a new phase of growth.

In 2011, Millennium Bank continued to pursue the strategy adopted since 2009, which is based on making the most of its retail franchise potential, through the attraction of deposits and granting of mortgage loans, and on the development of the overall bank relation with SMEs in selected sectors, supported by a low-cost operation and conservative approach to risk, with the objective of improving profitability in a sustainable manner, aiming at reaching break-even of the operation.

As at 31 December 2011, Millennium Bank had Euro 522 million in total assets, Euro 275 million in customers' funds and Euro 398 million in loans to customers (gross), and was operating with 66 branches and 690 employees. In spite of the particularly adverse market conditions that constrained the activity of the Romanian banking sector, reflected in terms of lower demand for loans, liquidity difficulties and increased impairment, Millennium Bank was able to increase its net income by 24.5%, as a result of its good performance in terms of core income. The Bank was also able to reduce its cost base for the second year consecutively, as a result of a staff reduction and processes of renegotiation of third-party supply contracts, and in spite of the VAT rate increase in July 2010 and the negative impact of the shutting down of eight branches. The reduction of impairment over the year, reflecting the good quality of the new loans portfolio and the efficiency in overdue loans recovery should also be particularly noted.

Cayman Islands

Millennium bcp Bank & Trust, with its head office in the Cayman Islands and a "B" category banking license, offers international banking services to customers situated in a variety of countries (not including persons or entities resident in Portugal).

The evolution of the turnover recorded in 2011 essentially results from the reduction of loans and advances as a consequence of the pursuit of objectives to reduce the Group's consolidated commercial gap. The net income for 2011 was Euro 4.6 million.

International Partnerships

Since 1991, the Group has also developed an internationalisation strategy based on establishing cooperation agreements with foreign partners. The Group's current foreign partners are Banco Sabadell, Eureko, Ageas, Sonangol and Banco Privado Atlântico. Some of these partnerships involve, among other things, joint ventures, cross-shareholdings and reciprocal board representation.

Banco Sabadell

In March 2000, the Group announced the terms of a strategic partnership agreement with Banco Sabadell of Spain, seeking the development of joint initiatives in finance-related fields of mutual interest. In the first half of 2005, an agreement was reached to reinforce the offer of products and services common to BCP and Banco Sabadell, notably in corporate loans and in innovating services for individuals. As a result of the agreement, BCP's clients can use the retail and corporate networks of Banco Sabadell in Spain and vice versa for Banco Sabadell's clients in Portugal. The Bank sold its 2.75% shareholding in Banco Sabadell to the BCP Pension Fund. On December 2011, Banco Sabadell held 4.14% of the share capital of the Bank.

Eureko

In 1991, the Group established strategic partnerships with two significant European insurance groups, Friends Provident and AVCB Avero Centraal Beheer. In 1992, Eureko was established as a pan-European insurance group, as a result of the association between the insurance groups Friends Provident, from the United Kingdom; AVCB Avero Centraal Beheer, from the Netherlands; Wasa, from Sweden; and the Danish financial group Topdanmark. In 1993, the Group, through its insurance holding Seguros e Pensões Gere, SGPS, S.A. became the fifth partner in this pan-European strategic insurance alliance. Eureko Group's holding in BCP is currently 2.52% of the share capital and inherent voting rights, held by Eureko B.V., following the sale during 2009 of a 4.55% holding in BCP's share capital. Also, the Total Return Swap entered into by Eureko B.V. with JPMorgan Chase Bank NA on 5 September 2007 was fully unwound and therefore the voting rights attached to the previous additional 2.88% stake in BCP should no longer be attributed to Eureko B.V. Through its asset management subsidiary F&C, Eureko has established an exclusive distribution agreement affecting its asset management products through the Millennium bcp banking network in Portugal.

On 31 December 2010, Banco Comercial Português announced that Bitalpart BV, a wholly-owned subsidiary of BCP, had agreed on this date to sell a minority shareholding corresponding to 2.7% of the share capital of Eureko BV to the Pension Fund of Group BCP.

Ageas

In 2005, the Group and Fortis (currently, Ageas) established a joint venture for bancassurance business, through the insurance company Millennium bcp Fortis (currently, Millennium bcp Ageas). The Group holds 49% of Millennium bcp Ageas' share capital, while the remaining 51% is held by Ageas. In September 2005, Ageas increased its shareholding in the Bank to 4.99%. As a consequence of the two BCP share capital increases that took place in 2006, Ageas' shareholding in the Bank decreased to 4.94%. In September 2007, Ageas disposed of its qualifying holding in the share capital of BCP.

Sonangol and Banco Privado Atlântico

Sonangol and Banco Privado Atlântico ("BPA") acquired 47.3% of Banco Millennium Angola's share capital through a capital increase, subscribed by the acquirers, in cash. BMA acquired 10% of the share capital of BPA. According to the terms of the agreement, BMA continues to be a subsidiary company of BCP but would benefit from having important minority shareholders, with the corresponding shareholder influence and co-operation potential. Sonangol has acquired a 4.98% shareholding in BCP in 2007 and held 11.03% of the Bank on 31 December 2011. In April 2012, Banco Comercial Português, S. A. reduced its stake in BMA to 50.1%, following the increase in BMA share capital fully subscribed by Global Pactum - Gestão Ativos (main shareholder of BPA), in line with the partnership agreement signed with Sonangol and BPA in 2009.

Banco Comercial Português and Banco Privado Atlântico signed a partnership agreement to create a bank in Brazil in order to access opportunities in the Brazilian market, namely in the areas of corporate finance and trade finance, through partnerships.

Significant Developments in 2011

On 28 March 2011, Banco Comercial Português, S.A. informed that, following the announcement of placing the rating on CreditWatch negative on December 1, 2010, and immediately after the resignation of the Prime Minister, on March 25, 2011, Standard & Poor's Rating Agency has reduced the Portuguese Republic's rating for long-term. Following this change, Standard & Poor's on 28 March 2011 lowered the long-term rating of Banco Comercial Português, S.A., by two notches from "BBB+" to "BBB-". The short-term rating was revised from "A-2" to "A-3". The BCP hybrids' rating was revised from "BB+" to "B+".

Both the long-term and short-term ratings remain on CreditWatch negative, reflecting the possibility of additional downgrades of the Portuguese Republic and their indirect impact on the credit risk of BCP.

On 5 April 2011, Banco Comercial Português, S.A. informed that, following the announcement of the reduction of the Portuguese Republic's rating for long-term debt, Fitch Rating Agency announced on 5 April 2011 the revision of the rating of several Portuguese banks. In this context, the long-term rating of Banco Comercial Português, S.A. was reduced by Fitch by two notches from "BBB+" to "BBB-", while the short term rating was revised from "F2" to "F3". Banco Comercial Português, S.A. also informed that the following issues were also revised: lower Tier 2 subordinated debt from "BBB" to "BB+", preference shares from "BBB-" to "B+" and senior debt guaranteed by the Portuguese state from "A-" to "BBB-". All these ratings remain on Rating Watch Negative.

On 6 April 2011, Banco Comercial Português, S.A. informed that, following the announcement of the reduction of the Portuguese Republic's rating for long-term debt, Moody's Rating Agency announced on 6 April 2011 the revision of the rating of several Portuguese banks. In this context, the long-term rating of Banco Comercial Português, S.A. was reduced by Moody's from "A3" to "Baa3", while the short-term rating was revised from "P-2" to "P-3". The Bank Financial Strength Rating (BFSR) was revised from "D+" to "D". Banco Comercial Português, S.A. also informed that the following issues were also revised: subordinated debt from "Baa1" to "Ba1", preference shares from "Ba3" to "B2" and senior debt guaranteed by the Portuguese state from "A3" to "Baa1". These ratings remain on review for a possible further downgrade with the exception of the preference shares and BFSR that have a negative outlook.

On 18 April 2011, Banco Comercial Português held its annual general meeting of shareholders. The following resolutions were approved:

Item One – Approval of the 2010 individual and consolidated annual report, balance sheet and financial statements.

Item Two – Approval of the following proposal for the application of year-end results amounting to Euro 300,647,939.68:

(a) Euro 30,064,793.97 for reinforcement of the legal reserve;

(b) Euro 167,157,049.29 for other reserves;

(c) Euro 10,000,000.00 for reinforcement of the reserve for dividend stabilisation;

(d) Euro 93,426,096.42 for retained earnings.

Item Three - Approval of a vote of confidence and praise addressed to the Executive Board of Directors and the Supervisory Board and each one of their members, as well as to the Chartered Accountant.

Item Four – Approval of the proposal of restructuring and entire amendment of the Company's Articles of Association (altering articles 1 to 34, both inclusive, and adding new articles 35 to 56), including the renewal of the authorization to increase the share capital to be resolved by the Executive Board of Directors.

Item Four A – Approval of the appointment, ratifying the appointment by the Executive Board of Directors, of an independent statutory auditor to, pursuant to article 28 of the Companies Code, make a report on the contributions in kind to be made within the scope of the subscription of shares to be issued in the part of the share capital increase by new contributions in kind object of item 4-B of the Agenda.

Item Four B - Approval of the increase of the share capital by Euro 1,120,400,000, being the total increase composed of:

– An increase of Euro 120,400,000, by incorporation of reserves of issue premium through the issue of new ordinary, book entry and nominative shares without nominal value and with an issue value of Euro 0.583, corresponding to the weighted average per volumes of the price of the company's shares in the Regulated Market Euronext Lisbon in the 5 trading days immediately before the date of the General Meeting, to be attributed to the shareholders pursuant to the law; and

– A share capital increase by new contributions in kind amounting to Euro 1,000,000,000, limited to the subscriptions made through the issue of new ordinary, book entry and nominative shares without nominal value, with an issue value yet to be established, without premium and corresponding to the weighted average per volumes of the BCP share price in the Regulated

Market Euronext Lisbon, in the five trading days immediately before the exchange public offer is launched, though subject to the minimum limit of Euro 0.625 and, therefore, the maximum number of shares to be issued cannot surpass 1,600,000,000, and the new contributions will be composed by securities named "Valores Mobiliários Perpétuos Subordinados com Juros Condicionados" (subordinated perpetual securities with conditioned interest, hereinafter the "EPO");

It was also resolved, without prejudice or limitation to the statutory powers of the Executive Board of Directors or to the evaluation that the EBD may make of the convenience or need to increase own funds, to approve, so as to complement the amount of the increase mentioned above, the eventual subsequent share capital increase in cash, with preference rights to the shareholders, to be resolved by the Executive Board of Directors, by an amount corresponding to the portion not subscribed, or, should the subscription percentage be 75% or more, corresponding to the not subscribed amount plus Euro 250,000,000.

Item Five – Considering the approval of the capital increase referred in the previous item, the proposal in this item five was deemed unnecessary.

Item Six - Approval the remuneration policy for the Chairman and Vice-Chairman of the Board of the General Meeting.

Item Seven - Approval of the remuneration of the members of the Remunerations and Welfare Board.

Item Eight – Approval of the remuneration policy for the members of the Supervisory Board.

Item Nine – Approval of the remuneration policy for the members of the Executive Board of Directors.

Item Ten – Approval of the remuneration policy for heads of function, senior executives and other employees.

Item Eleven - Election of the Board of the General Meeting for the triennial 2011/2013.

Item Twelve - Election of the Remuneration and Welfare Board for the triennial 2011/2013.

Item Thirteen - Election of the Supervisory Board for the triennial 2011/2013 and on the authorizations that are, or may be, applicable in accordance with article 434 (5 and 6) of the Companies Code.

Item Fourteen - Election of the Executive Board of Directors for the triennial 2011/2013.

Item Fifteen - Election of the Statutory Auditor and his/her alternate for the triennial 2011/2013.

Item Sixteen – Approval of the appointment of the external auditor for the triennial 2011/2013.

Item Seventeen – Approval of the acquisition and sale of own shares.

Item Eighteen – Approval of the acquisition and sale of own bonds.

On 20 April 2011, Banco Comercial Português, S.A. announced that, in accordance with the resolutions passed at the Bank's General Meeting of shareholders of 18 April 2011 (the "GSM"), and subject to the receipt of all necessary internal and regulatory approvals, in particular with respect to registration with the CMVM, it intends to launch an exchange public offer for the Bank's securities "Valores Mobiliários Perpétuos Subordinados com Juros Condicionados" (subordinated perpetual securities with conditioned interest) of up to Euro 1,000,000,000 depending on subscription levels (the "EPO"). To complement the EPO, and pursuant to further resolutions passed at the GSM, BCP also expects to launch a share capital increase in cash, with

preference rights to shareholders, of an amount corresponding to the portion not subscribed in the EPO, or, should the subscription percentage in the EPO be 75% or more, an amount corresponding to the unsubscribed amount under the EPO plus Euro 250,000,000 (the "Rights Issue"). The total share capital increase under the EPO and the Rights Issue will therefore be between the maximum amount of Euro 1,250,000,000 and a minimum amount of Euro 1,000,000,000.

Credit Suisse, Deutsche Bank, J.P. Morgan and Morgan Stanley have been appointed as Joint Bookrunners in connection with the Rights Issue and have entered into an underwriting agreement with BCP.Deutsche Bank and Morgan Stanley will also act as Joint Global Coordinators for the Rights Issue. The Rights Issue is expected to be launched during the first half of 2011.

With this capital strengthening plan, the Bank expects to achieve a high level of capitalisation and will continue to explore other capital enhancing options with a view to achieving one of the strongest capital positions among its regional peers.

On 16 May 2011, Banco Comercial Português, S.A. informed that, following the Special Session of the Regulated Market for the purpose of assessing the results of the public offer for the acquisition of perpertual subordinated securities with conditional interest ("EPO" or "Offer"), held on 16 May 2011, at 5 p.m., at the Head Office of Euronext Lisbon, and in addition to the presentation made by that entity, which is available on CMVM's website, at www.cmvm.pt, Millennium bcp announced that Euro 990,147,000, corresponding to 99.01% of the total number of Securities that were subject of the Offer, were tendered in the EPO, in exchange for shares, still to be issued, representative of the share capital of Millennium bcp, with the following detail:

– 290,147 Securities with the ISIN Code PTBCPMOM0002 (also known as "Millennium bcp Valor Capital 2009"), in an amount of Euro 290,147,000, corresponding to 96.72% of the total of the issuance;

– 200,000 Securities with the ISIN Code PTBCPYOM0024, in an amount of Euro 200,000,000, corresponding to 100.00% of the total of the issuance;

– 400,000 Securities with the ISIN Code PTBCLZOM0019, in an amount of Euro 400,000,000, corresponding to 100.00% of the total of the issuance; and

– 100,000 Securities with the ISIN Code PTBAI8OM0069, in an amount of Euro 100,000,000, corresponding to 100.00% of the total of the issuance.

As a result, a total of 1,584,235,200 ordinary, book-entry shares without nominal value and with issuance value of Euro 0.625 each will be issued as consideration for the Securities tendered in the Offer.

Millennium bcp has submitted a request to the Executive Comission of Euronext Lisbon – Sociedade Gestora de Mercados Regulamentados, S.A. for listing of the new shares in the Regulated Market Euronext Lisbon. As foreseen in the EPO Prospectus, listing is expected to occur until the end of June 2011, and is expected to take place simultaneously with the listing of the shares that may be issued in a subsequent right issue, in the event that said share capital increase in cash is resolved, within the scope of the authorization granted to the Executive Board of Directors by the General Meeting held on 18 April 2011.

On 17 May 2011, Banco Comercial Português, S.A. announced that, for all due effects, a share capital increase from Euro 4,694,600,000 to Euro 5,805,147,000, integrating the following components, has been definitively registered with the competent Commercial Registry Office:

(i) Euro 120,400,000, by means of the incorporation of issuance premium reserves, by means of the issuance of 206,518,010 new ordinary, book-entry shares without nominal value, and

(ii) Euro 990,147,000, by means of new contributions in kind of 990,147 perpetual subordinated securities with conditional interest, by means of the issuance of 1,584,235,200 new ordinary, book-entry shares, without nominal value.

The current share capital of Millennium bcp is now of Euro 5,805,147,000, represented by 6,485,353,210 ordinary, book-entry shares without nominal value.

On 19 May 2011, Banco Comercial Português, S.A. informed the market, and, in particular, its shareholders, for all due legal effects, that, within the scope of the authorization granted by the General Meeting held on April 18, 2011, the Executive Board of Directors of the Bank resolved, with the favourable opinion if the Supervisory Board, to increase the share capital from Euro 5,805,147,000 to Euro 6,064,999,986, limited to the

subscription orders collected, by means of a Rights Offering, through the issuance of 721,813,850 new ordinary, book-entry shares, without nominal value. The subscription price was set at Euro 0.36 per share, a value that corresponds to its issuance value.

The number of shares to be subscribed results from the application of the factor 0.1113585667 to the number of subscription rights held at moment of subscription, rounding downwards. A subscription right will be attributed to each share that represents the current share capital of the Bank (including the shares issued in the scope of the incorporation of reserves and Exchange Public Offer).

It is Millennium bcp's intention to initiate the Rights Offering as soon as possible, upon the publication, pursuant to the law, of its respective prospectus and of the notice for the exercise of subscription rights, following approval by the Portuguese Securities and Exchange Commission (CMVM).

On 24 May 2011, Banco Comercial Português, S.A. announced its decision to implement the process of issuance of bonds guaranteed by the Portuguese Republic pursuant to Portuguese Law 60-A/2008 of 20 October, in an aggregate amount of up to Euro 1.75 billion, with a spread to be determined with reference to prevailing market conditions and a three year maturity, which may be placed with institutional investors, and its submission of an application with the Bank of Portugal for this purpose. Issuance of such bond is subject to the approval by the Executive Board of Directors of the final terms and conditions of the issuance and to receipt of all the necessary approvals from the competent Authorities, in accordance with the abovementioned Law.

In accordance with applicable Portuguese law and regulations, and if the guarantee were to be called, the Portuguese Republic would have a right (if and to the extent necessary for protection of the State's interest) to convert its credit into share capital of BCP, notably (without limitation) through the issuance of preference shares. In order to safeguard this right and as a condition to approving BCP's application, the Bank of Portugal has requested, in line with the request to other banks, that the general meeting of shareholders adopt a resolution authorising (through an amendment to BCP's by-laws) the Executive Board of Directors to issue preference shares in the event that the State were to exercise such right, with the corresponding waiver of shareholders" pre-emption rights in connection with the exercise of any such right. The Executive Board of Directors will ask the Chairman of the General Meeting of Shareholders to convene a general meeting of shareholders for such purpose.

On 14 June 2011, Banco Comercial Português announced that DBRS initiated rating coverage on BCP. DBRS, Inc. ("DBRS") assigned a rating of BBB (high) to its Senior Long-Term Debt & Deposit and a rating of R-2 (high) to its Short-Term & Deposit, both with a negative trend. DBRS also assigned an intrinsic assessment of BBB to BCP.

According to DBRS, the ratings of the Group reflect its importance in the Portuguese financial system and its significant universal banking franchise in Portugal combined with its international presence, that are enabling BCP to deliver positive earnings and weather the difficult environment. BCP's intrinsic assessment is based on its universal banking franchise, its strong position in retail banking, revenue generation capacity, capable management of liquidity and funding through an extended period of stress, effective risk management and improving capitalisation. This assessment was reinforced by the Group's solid 1Q11 earnings results.

On 20 June 2011, Mr. Paulo José de Ribeiro Moita de Macedo resigned, following his acceptance to integrate the Government of the Republic of Portugal as Health Minister, with immediate effect, as Vice-Chairman of the Executive Board of Directors, as well as from all positions he held in the Group or as its representative.

On 7 July 2011, Banco Comercial Português announced that Moody's Rating Agency announced the revision of the ratings for issues from Portuguese banks using the state guarantee, following the revision of the rating for the Portuguese Republic. In this context, Banco Comercial Português debt issue of January 12, 2009, maturing in 2012 was revised by Moody's from "Baa1" to "Ba2", with negative outlook. Banco Comercial Português, S.A. also announced that Moody's maintained Financial Strength Rating (BFSR) and long-term debt ratings of D and Baa3, respectively, under review for downgrade.

On 15 July 2011, Banco Comercial Português, S.A. announced the results of the stress tests performed in 2011 within the European Union, led by the European Banking Authority, in cooperation with the Bank of Portugal, the European Central Bank, the European Commission and the European Committee of Systemic Risk, where BCP's estimated core Tier I was 5.4% at year-end 2012, considering an adverse scenario, which compares to 5.9% in late 2010.

On 15 July 2011, Banco Comercial Português, S.A. announced that as a result of the announcement of the reduction of the Republic of Portugal's rating for long-term debt, Moody's Rating Agency announced on 15 July 2011 the revision of the ratings of several Portuguese banks. In this context, Moody's announced that the ratings of Banco Comercial Português, S.A. were reduced by one notch from "Baa3/P-3" to "Ba1/NP". All ratings remain on Rating Watch Negative.

On 27 July, Banco Comercial Português, S.A. informed that, within the scope of the structural transformation of the market context in Portugal, it has adjusted its strategic agenda.

On 7 September 2011, Banco Comercial Português announced that, following the meetings of the Executive Board of Directors and the Supervisory Board that took place on 6 September and 7 September 2011 respectively, Mr. António Manuel Palma Ramalho was named Vice-Chairman of the Executive Board of Directors of BCP. The process of the redistribution of the areas of responsibility was also formalised for the members of the Executive Board of Directors, which continues to have seven members.

On 22 September 2011, Banco Comercial Português announced that it had launched an offer to exchange the securities of two series of preference shares and one of subordinated notes, issued by its subsidiaries BCP Finance Bank, Ltd. and BCP Finance Company for new debt securities with a minimum denomination of Euro 50,000 issued under its Euro Note Programme (the "Offers"). Participants in the offer could elect to receive either 3-year senior debt securities with a 9.25%-coupon or 10-year subordinated securities with a 13%-coupon. Participants could also, under certain conditions, elect to receive a cash payment.

The purpose of the Offers was to proactively manage the Group's outstanding liabilities and capital structure and it is one of the initiatives undertaken to increase the Core Tier I ratio to 9% until the end of 2011.

On 7 October 2011, following the announcements dated 30 September and 4 October 2011, Banco Comercial Português announced that, following the high level of acceptance for its exchange offer directed to holders of the above-mentioned securities (identified below), and the resulting extension of the duration of the Offers and the increase of the Maximum Acceptance Amount for the C and D series of the preference shares, the results of the Offers were the following:

Issues	*Amount subject to the offer*	*Amount of demand until 29 September 2011*	*Amount of demand until 6 October 2011*	*Nominal amount of the offers accepted*
Series C Preference Shares	€850,000,000	€397.458.100	€400.936.600	€400.936.600
Series D Preference Shares	(Maximum	€325.426.000	€406.458.000	€406.458.000
Total	Acceptance Amount)	€722.884.100	€807.394.600	€807.394.600

Within the scope of the above-mentioned transaction, BCP reported the results of the offer for exchange of the Lower Tier II Notes, the first phase of which was concluded on 30 September and whose amount had not change.

Issue	*Amount subject to the offer*	*Amount of demand until 6 October 2011*	*Nominal amount of the offers accepted*
Lower Tier II Notes	€400.000.000	€242.741.000	€242.741.000

Aggregate nominal amount of senior debt issued on the settlement date: Euro 555,600,000.

Aggregate nominal amount of subordinated debt issued on the settlement date: Euro 95,600,000.

Amount to be paid in cash to holders on the settlement date, was: Euro 6,764,910.

The settlement was on 13 October 2011.

On 7 October 2011, Banco Comercial Português announced the following rating decisions:

As a result of a rating downgrade of Portugal and placement of Portuguese banks ratings on "Rating Watch Negative", Fitch announced that it maintained its ratings for Banco Comercial Português, S.A., in particular its Long-term Issuer Default Ratings ("IDR") at "BBB- " and its Short-term IDR at "F3". Both these ratings remain on Ratings Watch Negative.

In the context of a review of the Portuguese banks ratings initiated on 15 July 2011 following a downgrade of the Republic of Portugal, Moody's reduced the debt rating of Banco Comercial Português, S.A. from "Ba1/NP" to "Ba3/NP" and the Standalone rating from "Ba2" to "B1". Ratings maintain a Negative Outlook.

On 20 October 2011, Banco Comercial Português announced that following a downgrade of the rating of the Republic of Portugal, and in the context of a review of the ratings of the Portuguese banks, DBRS downgraded Banco Comercial Português, S.A. long-term rating from BBB (High) to BBB, with "Negative Trend" (identical to the Republic of Portugal rating), while the short-term rating was confirmed at R-2 (High) with "Negative Trend".

On 27 October 2011, Banco Comercial Português announced that is had received the following information from the Bank of Portugal:

"1. Given the rise in systemic risk resulting from the sovereign debt crisis in the Euro area, the decision was taken that the banking groups subjected to the European Banking Authority's stress tests reinforce their respective capitalization levels in order to achieve, by 30 June 2012, a Core Tier 1 ratio of 9%, following a prudent evaluation, at market values, of the exposure to sovereign debt held by those institutions as of 30 September 2011.

2. The total capital requirement identified for the BCP group is Euro 2.361 billion, of which Euro 1.299 billion corresponds to the value resulting from the evaluation at market prices of the exposure to sovereign debt.

3. The remaining amount is contemplated, in its near entirety, in the capitalization plans presented to the Bank of Portugal, as part of the Financial Assistance Program, which permits the regular monitoring of relevant prudential ratios.

4. This estimate is preliminary and indicative, and is susceptible to alteration based on data referring to the end of September."

In addition, Banco Comercial Português announced that:

1. From 30 June, 2011 to 27 October 2011 a set of initiatives have been carried out that resulted in an increase in Core Tier 1 by more than Euro 600 million, in particular through the completion of an Exchange Offer for preference shares and Lower Tier II Notes. As a result, the amount of Euro 2.361 billion referred to in 2. above should be adjusted downward to around Euro 1.750 billion.

2. BCP will continue to carry out the previously-planned initiatives to boost its capital ratios, namely through the reduction of assets (deleveraging) and the restructuring of its international portfolio, as well as studying other opportunities available, including the Euro 12 billion recapitalization line available to Portuguese banks.

On 25 November 2011, Banco Comercial Português announced that following a reduction of the Portuguese Republic's rating, and in the context of a review of the ratings of several Portuguese banks, Fitch reduced the long-term rating of Banco Comercial Português, S.A. from "BBB-" to "BB+", removed from Rating Watch Negative and assigned with Negative Outlook, while the short-term rating was revised from "F3" to "B" and removed from Rating Watch Negative. The ratings of the following issues were also revised: Lower Tier 2 subordinated debt from "BB+" to "BB", preference shares from "B" to "CC" and senior debt guaranteed by the Portuguese state from "BBB-" to "BB+". All these ratings were removed from Rating Watch Negative.

On 8 December 2011, Banco Comercial Português, announced, following the announcements made on that date by the European Banking Authority ("EBA") and Banco de Portugal regarding the capital exercise, the result for Banco Comercial Português, S.A.:

A) The capital exercise proposed by the EBA and agreed by the Council on 26 October 2011 requires banks to strengthen their capital positions by building up a temporary capital buffer against sovereign debt exposures to reflect current market prices. In addition, it requires them to establish a buffer such that Core Tier 1 capital ratio reaches a level of 9% by the end of June 2012. The amount of any final capital

shortfall identified is based on September 2011 figures. The amount of the sovereign capital buffer will not be revised.

71 Banks across Europe, including Banco Comercial Português, S.A., were subject to the capital exercise whose objective is to create an exceptional and temporary capital buffer to address current market concerns over sovereign risk and other residual credit risk related to the current difficult market environment. This buffer would explicitly not be designed to cover losses in sovereigns but to provide a reassurance to markets about banks' ability to withstand a range of shocks and still maintain adequate capital.

Following completion of the capital exercise conducted by the EBA, in close cooperation with Banco de Portugal, the exercise has determined that Banco Comercial Português, S.A. has a capital shortfall of Euro 2,130 million which must be addressed by end June 2012.

Banco Comercial Português, S.A. will ensure that by the end of June 2012 the bank will adhere to the 9% core tier ration and, to this end, submit a plan to Banco de Portugal. In this plan the bank will set out the proposed mix of actions to meet the required 9% target thereby bringing the shortfall to zero by June 2012. The plan – to be submitted by 20 January 2012 – will be discussed with Banco de Portugal, in consultation with the relevant college of supervisors and the EBA.

The capital to be raised and measures to be taken by the bank are designed to restore confidence in market participants, to facilitate banks' access to the funding markets as well as to put them in the condition to continue providing financial support to the real economy.

The methodology underlying the capital exercise was outlined by the EBA prior to its announcement to ensure consistency across all banks in the EU banking system involved in the exercise.

B) In addition, Banco Comercial Português also announced that:

1. The above-mentioned capital shortfall of Euro 2,130 million does not include the exchange of preference shares for senior and subordinated debt completed on October 13, 2011, that resulted in an increase in Core Tier 1 by Euro 405 million.

2. Therefore, the total capital requirement for BCP Group, considering the exchange of preference shares for senior and subordinated debt completed on 13 October 2011, is Euro 1.725 billion, of which Euro 1.165 billion corresponds to the value resulting from the evaluation at market prices of the exposure to sovereign debt and remaining Euro 560 million to the other capital requirements in order to reach the EBA target for 30 June 2012.

3. BCP will continue to carry out the previously-planned initiatives to boost its capital ratios, namely through the reduction of assets (deleveraging) and the restructuring of its international portfolio, as well as studying other opportunities available, namely through all the instruments eligible as Core Tier I, including the recapitalization line available to Portuguese banks.

On 16 December 2011, Banco Comercial Português announced that following a revision of the ratings of six Portuguese banks by applying a new ratings criteria and update group methodology for banks, Standard and Poor's lowered the Banco Comercial Português, S.A. long-term rating from "BBB-" to "BB", which remained on Rating Watch with negative implications, while the short-term rating was downgraded from "A-3" to "B" and removed from Rating Watch Negative.

On 16 December 2011, Banco Comercial Português announced that the Bank of Portugal disclosed the first global results of the Special Inspections Program (SIP) conducted as part of the measures and coordinated actions agreed by the Portuguese authorities for the financial system, within the scope of the Economic and Financial Assistance Program established with the IMF/EU/ECB last May.

This Inspections Program covers the eight major Portuguese banking groups, including Banco Comercial Português (BCP Group), and aims to validate, with reference to 30 June 2011, the credit risk data used in assessing their financial strength through an independent assessment of the credit portfolios and the adequacy of risk management policies and procedures, as well as the confirmation of the calculation of capital requirements for credit risk.

The exercise focused on loans amounting to Euro 55.4 billion from the BCP Group's portfolio, corresponding to 72% of the total loan portfolio of the Group. The inspection concluded that there is a need to increase the

impairment recorded in the consolidated accounts of the group by Euro 381 million. This represents 0.7% of the loan portfolio analyzed and 16.0% of the impairment recorded on this portfolio.

The needs to strengthen capital requirements resulting from the recommendations of SIP shall, in accordance with guidelines of the Bank of Portugal, be met by June 2012 and will therefore be addressed in the strategic capitalization plan that the BCP Group will present in the beginning of 2012 and in which it will detail measures to adopt to meet the global needs for strengthening capital, including those arising from the EBA exercise.

With regard to opportunities for improvements identified in the policies and procedures followed in the credit risk management, BCP will establish and present to the Bank of Portugal a plan to resolve the short-term situations that still exist.

In this context, BCP also reports that during the second half of 2011 the Bank maintained a high rate of provisioning for impairment of its loan portfolio, accounting for impairments made in this period, until October, for the activity in Portugal, of about Euro 174 million.

Additionally, as regards the adjustment of the value of risk weighted assets, about Euro 336 million from the value identified was already incorporated in the capital ratios reported to the Bank of Portugal, with reference to the end of October.

On 19 December 2011, Banco Comercial Português announced that, as a result of this analysis of scenarios for the creation of value involving its Polish operation as a result of an adjustment to its strategy, previously announced on July 27th 2011, it concluded that the option that best protects the interest of all stakeholders and that best preserves its power for creating value is to maintain its stake in Bank Millennium.

The process included a thorough review of several options, some of them arising from offers received for the acquisition of BCP's shareholding in Poland's Bank Millennium.

BCP reaffirmed its confidence in the Polish economy, and remained committed to continuing to support the organic growth of Bank Millennium, anchored on its strong retail franchise, a low risk credit portfolio, and efficiency and productivity gains.

Recent Developments in 2012

On 1 February 2012, Banco Comercial Português announced that, following a downgrade of the rating of the Republic of Portugal, DBRS reviewed the long-term rating of Banco Comercial Português, S.A. from BBB to BBB (low), with "Negative Trend", and the short-term rating from R-2 (high) to R-2 (mid) with "Negative Trend".

On 3 February 2012, Banco Comercial Português announced that it received the following statement from the President of the Supervisory Board:

"The Chairman of the Supervisory Board of Banco Comercial Português, having the concurrence of the main shareholders, confirmed that, meeting the criteria of Basel 2.5, translated in the EBA's requirements for the Core Tier 1 ratio on 30 June 2012, and the prudential demands made by the Bank of Portugal for the end of 2012, Banco Comercial Português submitted to the Bank of Portugal a Capital Plan on 20 January 2012, as per the EBA's recommendation of 8 December.

The Capital Plan delivered involves two components:

a) Increasing the share capital, with preference right, to be subscribed by private shareholders, so as to assure permanent own funds. Besides the concurrence of current shareholders, Banco Comercial Português has received several assurances that allow it to count on the participation of reference investors in a future share capital increase.

b) Using the temporary State recapitalization line regulated by Law 63-A/2008.

The completion of the Capital Plan to be agreed with the competent authorities and submitted to the analysis and approval of a General Meeting specifically convened for that purpose, will be carried out within the deadlines and under the terms and conditions defined.

The execution of the Capital Plan presented will strengthen the financial standing of Banco Comercial Português, as a foundation for a strategic project involving the Bank, its shareholders and other stakeholders, which will reinforce Banco Comercial Português' place as a reference financial institution both in Portugal and abroad.

The losses taken in 2011 are an exception, non-recurrent items adding up to a balance sheet that translates the reality that is the stepping stone for the Bank to turn a new page.

The Chairman of the Supervisory Board of Banco Comercial Português confirmed that he received positive feedback from the Supervisor on the process leading up to the recapitalisation, which allows the Bank to consider that all the conditions required to complete the operation successfully have been met."

On 3 February 2012, Banco Comercial Português, S.A. announced that it received from its shareholders Sonangol, Grupo Teixeira Duarte, Grupo Berardo, EDP, Sabadell, Interoceânico and Hipólito Pires the following information:

"The shareholders of Banco Comercial Português, S.A., Sonangol, Grupo Teixeira Duarte, Grupo Berardo, EDP, Sabadell, Interoceânico and Hipólito Pires informed that they have asked the Chairman of the Board of the General Meeting of the Bank to call a General Meeting of Shareholders to appraise and resolve on the alteration of the governance model and consequent election of members of the new corporate bodies.

By presenting the proposal, the shareholders intended, together with the reinforcement of the bank's own funds, to establish in the institution a governance model better suited to deal with the major challenges that the company faces today and will face in the future, a model that confers greater internal efficiency and cohesion while maintaining high audit and supervision levels, namely the adoption of the Anglo-Saxon model, composed by a Board of Directors, an Audit Committee and an Executive Committee. On the other hand, and aiming at the development by the Bank of a strategy for international expansion, the proposal foresees the creation of a Board for International Strategy to help the institution in the pursuit of that strategic vision.

At the same time and expecting that the General Meeting will approve the new corporate governance model it was also proposed the election of the members of the Board of Directors by means of a list that included Ambassador António Monteiro as Chairman of the Board and Mr. Nuno Amado as Chairman of the Executive Committee.

The shareholders also proposed names to be part of the Board for International Strategy that will be chaired by Mr. Carlos Santos Ferreira."

On 3 February 2012, Banco Comercial Português, S.A. announced that, following his acceptance to integrate the Government of the Republic of Angola as Minister for State Affairs and Economic Coordination, Mr. Manuel Domingos Vicente, presented his renunciation to the position of Vice-Chairman of the Supervisory Board.

Moreover, Banco Comercial Português, S.A. informed that, due to his professional activities exercised abroad, Mr. Luís de Mello Champalimaud also presented his renunciation to the position he exercised as Member of the Supervisory Board.

On 14 February 2012, Banco Comercial Português, S.A. announced that following a downgrade of the Portuguese Republic's rating, a revision of the Banking Industry Country Risk Assessment for Portugal, and in the context of a review of Portuguese banks' ratings, Standard and Poor's reduced the long-term rating of Banco Comercial Português, S.A. from "BB" to "B+", with Negative Outlook, while the short-term rating was confirmed at "B".

On 16 February 2012, Banco Comercial Português, S.A., informed that following a revision of the rating of the Republic of Portugal, the rating for state guaranteed debt issued by BCP was revised by Moody's from "Ba2" to "Ba3", with negative outlook.

On 28 February 2012, Banco Comercial Português announced that it concluded on that day its General Meeting of Shareholders. The following deliberations were taken:

Item One – Approval of the alteration and restructuring of the articles of association of the company aiming at the adoption of a one-tier management and supervision model, composed by a Board of Directors, an Audit Committee and Chartered Accountant, as well as the creation of a Board for International Strategy.

Item Two – Election of members for the Board of Directors, Audit Committee, Board for International Strategy and Welfare and Remunerations Board for the term office 2012-2014.

On 1 March 2012, Banco Comercial Português announced that the Bank of Portugal disclosed on that day the global results of the third and final phase of the Special Inspections Program (SIP). The third phase of the SIP, now completed, was forward-looking and designed to assess the adequacy of the parameters and methodologies used by banking groups when preparing financial projections that support the assessment of their future solvency, as part of the stress test exercise. This assessment confirmed that BCP uses the appropriate parameters and methodologies. BCP Group will establish and submit to the Bank of Portugal a plan to be implemented that ensures these parameters and methodologies are adopted in future stress test exercises.

On 1 March 2012, Banco Comercial Português announced that following the General Meeting of Shareholders held on February 28, that elected the new members of Banco Comercial Português, S.A. corporate bodies, the Board of Directors elected the Executive Committee and its First Vice-President, Miguel Maya Dias Pinheiro, and Second Vice-President, Miguel de Campos Pereira Bragança.

On 26 March 2012, Banco Comercial Português informed about the results of the offer launched on 15 March 2012 to repurchase three issues of covered bonds issued by the Bank. The investors have tendered up to Euro 918,650,000 (face value), which Millennium bcp has decided to accept in full. The purpose of the offer was to proactively manage the Bank's outstanding liability and capital structure.

On 29 March 2012, Banco Comercial Português informed that Moody's rating agency, in a release dated 28 March 2012, announced that it has concluded the review of the ratings of the Portuguese banks, initiated on 15 February, following the revision of its rating for the Republic of Portugal on 13 February 2012.In this context, BCP long-term rating was confirmed at "Ba3" with Negative Outlook (identical to the rating of the Portuguese Republic), and the short-term rating was confirmed at Not Prime (NP).

On 4 June 2012, Banco Comercial Português informed that, following the presentation to the Bank of Portugal of its proposed capitalization plan, developed in accordance with the Recapitalization Program for Credit Institutions established by Law Nr. 63-A/2008 of November 24, and the assessment of its main terms by the Bank of Portugal and the State, whose indications and decisions were received, has obtained on that day confirmation that the State is available to participate with public investment in the Bank's capitalization program, with the following components:

(a) A capital increase to raise new funds, to be subscribed by the Bank's shareholders exercising their legal right of preference, in a total expected amount of Euro 500,000,000, to be carried out in the third quarter of 2012, for which it has been agreed that the State will underwrite the offer at a price of Euro 0.04 per share, in compliance with Article 4 of Portaria Nr. 150-A/2012 of May 17;

(b) The subscription by the State of hybrid instruments that qualify as Core Tier 1 capital (instruments that are completely repayable by the Bank over a period of five years and which only in specific circumstances, including non-compliance or failure to pay, can be converted into shares of the Bank), in a total value of Euro 3,000,000,000, to be carried out by the end of June 2012.

This capital plan was prepared considering the constitution of an additional provision of around Euro 450,000,000 for risks associated with the degradation of the economic and financial situation of Greece.

With the execution of the Plan, the Bank will be sufficiently capitalized, complying with the Core Tier 1 limits in accordance with the requirements defined by the Bank of Portugal in Advisory Nr. 3/2011 (9% at the end of December 2011 and 10% at the end of December 2012) and in Advisory Nr. 5/2012 (9% at the end of June 2012, calculated in accordance with the more demanding criteria, in order to create a temporary capital buffer).

On 25 June 2012, Banco Comercial Português announced that at a General Meeting of Shareholders held on that day, with 42.7% of the share capital represented, the following resolutions were adopted:

Item One – Approval of the Bank's recapitalization plan, including public investment under the terms of Law 63-A/2008, of 24 November, upon related commitments and obligations, and upon granting the management body the powers necessary to accomplish the plan, including the: (i) eventual adjustment of the plan's conditions, in accordance with the decision of the ministry mentioned in that Law; (ii) accomplishment and development of measures to execute the plan, including resolving on the issue of shares and financial instruments that may be converted into shares as part of the public investment, the exercise by the State of its rights, and the conditions for the Bank to repurchase such financial instruments; and (iii) definition and execution of eventual adjustments, to correct extraordinary deviations or update the conditions for the public divestment.

Item Two – Approval of the proposal to disapply the preference right of the shareholders in the subscription of an issue or issues, to be resolved by the Executive Board of Directors – with the favourable opinion of the Audit Committee- of the financial instruments that may be converted into shares and of shares which are part of public capital injection envisaged in the plan.

Item Three – Approval of the proposal for the "Core Tier 1 capital instruments subscribed by the State" which are capable of being converted into shares and the shares that are eventually issued to be subscribed by the State.

C. Principal Markets and Competition

Since 1996, there has been a significant expansion of retail financial services in the Portuguese banking market, resulting in a sustained development of mortgage credit, consumer loans, investment funds and unitlinked products, and increased use of credit cards. The Portuguese banking market is now well developed, and includes strong domestic and foreign competitors that incorporate a multi-product, multi-channel and multiclient segmented approach. This has allowed Portuguese banks to tailor their financial products and services to customers' needs and to improve their commercial capabilities. In addition, there have been significant developments of internet banking operations and the use of new techniques, such as customer relationship management, which enable banks to accurately track customers' requirements. Cross-selling has benefited from the use of such techniques and has increased the proportion of banks' non-interest income in recent years.

Foreign banks have also entered the Portuguese market, particularly in areas such as corporate banking, asset management, private banking and brokerage services. These factors have resulted in increased competition, especially for customers' funds and brokerage services. Customer loans and advances increased significantly in the second half of the 1990s, but lower economic growth observed since the end of 2000 led to a slowdown of demand for credit, resulting in increased competition. The Bank competes primarily with the four other major Portuguese banking groups: Caixa Geral de Depósitos; Banco Espírito Santo, Banco Santander Totta; and Banco BPI. The dimension of the Bank's distribution network operating under a single brand, Millennium bcp, has enabled the Bank to maintain a leading position among its competitors. The Bank's fully centralised back office operations have also enabled the Bank to operate efficiently and exploit economies of scale.

According to the Bank of Portugal, as at the end of December 2011, BCP had a market share of 19.6% of loans to customers (gross) and 17.6% of deposits. In the second half of the 1990s, the Portuguese banking system experienced a consolidation process, which was driven by the need to achieve economies of scale and operating synergies. More recently, major Portuguese banks have rationalised their operating structures, with the aim of cost cutting and improving efficiency. In addition, many Portuguese banks have focused on increasing revenues through increased market share, cross-selling and new branch openings, as well as on core operations, which tend to support aggressive commercial strategies.

The following table illustrates the competitive environment in Portugal from 31 December 2007 to 31 December 2010:

	As at 31 December			
	2010	*2009*	*2008*	*2007*
Nr. of Banks[(1)]	37	41	40	40
Nr. of Branches	6.232	6.162	6.062	5.742
Population (thousands)	10.637	10.638	10.627	10.618
Inhabitants per branch	1.707	1.726	1.753	1.849
Branches per bank	168	150	152	144

Sources: Portuguese Banking Association ("Associação Portuguesa de Bancos") and National Statistics Institute of Portugal ("Instituto Nacional de Estatística").

(1) Including Caixa Económica Montepio Geral

The Bank is also subject to strong competition in the international markets in which it operates.

In Mozambique, Millennium Bim is the market leader with a market share of 35.9% of loans to customers and 33.7% of deposits in December 2011, according to data from the Bank of Mozambique. In relation to this market, it is foreseeable that competition from foreign banks, namely South African banks, will continue to increase.

In Angola, following the capital increase that has extended the scope of the strategic agreement with Sonangol and BPA, Banco Millennium Angola has the ambition of expanding its branch network to up 130 branches until 2015. The main competitors have ambitious plan of business expansion currently underway, some of which are based on the expansion of their branch network. Additionally, there was an increased number of players in retail, corporate and investment banking. For example, the strategic partnership between Banco Totta and Caixa Geral de Depósitos should be mentioned as well as the fact that three new licences were issued in 2008 for the following banks: Finibanco, Banco Quantum Capital, and Standard Bank. BMA's market share in Angola on December 2011, according to the data from the Bank of Angola, stood at 3.4% of loans to customers and 2.6% of deposits.

Poland and Greece significant opportunities have led to increased competition in recent years. Privatisation and consolidation in the Polish banking industry in the second half of the 1990s has also led to increased competition. In addition, in both Poland and Greece, European Union integration has created strong incentives for the cross-border provision of financial services without a local commercial presence, and for cross-border mergers, which have resulted in significantly increased competition from foreign banks. As at December 2011, the market share of Bank Millennium in Poland, according to the data released by the National Bank of Poland, stood at 5.0% of loans to customers (gross) and 4.9% of deposits. In Greece, according to the data released by the Bank of Greece, the market share in loans to customers and deposits, reached, respectively, 2.0% and 1.4% at the end of December 2011.

Third party information

Information sourced from the Bank of Portugal ("Banco de Portugal"), Portuguese Banking Association ("Associação Portuguesa de Bancos"), the National Statistics Institute of Portugal ("Instituto Nacional de Estatística"), the National Bank of Poland, the Bank of Greece, the Bank of Mozambique, the Bank of Angola and the Hellenic Statistical Authority Office has been accurately reproduced and, so far as the Bank is aware and is able to ascertain from information published by such entities, no facts have been omitted which would render the reproduced information inaccurate or misleading.

D. Trends Information

The interaction between the sovereign debt risks, the financial system and the economy became more pronounced in 2011, both internationally and in Portugal, resulting in an even more challenging framework for the development of the banking activity. The sharpening of the funding difficulties of the Portuguese Republic in the international markets led the Government to formally request for assistance to the European Authorities and to the International Monetary Fund ("IMF"), which resulted in an economic and financial aid plan. Therefore, since May 2011, Portugal has undertaken to comply with a medium-term Programme of Economic and Financial Support, jointly negotiated and supported by the IMF and the European Union.

In a context of great uncertainty, in particular with regard to the mechanisms for overcoming the sovereign debts crisis in the Euro Zone, the challenges faced by the Portuguese economy and by the financial system have increased. The Portuguese banks are confronted with the increase of the difficulties to access funding in the international wholesale debt markets. This, together with the requirements to strengthen the capitalization levels, the need to carry out an ambitious deleveraging process and a particularly adverse macroeconomic and financial context, as a result of austerity and consolidation of public finances measures, affects the activity, the profitability, the quality of assets and the solvency of all Portuguese banks. Nevertheless, the Bank and the main national banks have demonstrated their resilience by successfully overcoming the European stress tests to date and by fulfilling the requirements of the European regulations in terms of capital and liquidity.

A concern to implement regulatory reforms, aimed at contributing to financial stability, i.e., to protect depositors, to strengthen their confidence in the banking system, to increase the commitment of the shareholders and holders of hybrid instruments with loss absorption, to reduce the effort for taxpayers, to reduce systemic risks by restraining leverage, by protecting the consumers and, at the same time, creating conditions for the banks to continue to granting credit to the economy (with more discretion and more targeted) was evident since the beginning of the international financial crisis.

Relevant regulatory changes, including those with regard to supervision bodies architecture (deposit guarantee schemes, Bail-in, CRD, Basel III, MiFID, EMIR, restrictions to CDS short selling, revision of the Market Abuse Directive, ESMA regulations regarding Rating Agencies, Solvency II, Remuneration of directors and members of the management and audit bodies, Corporate Governance, ESAs, SIFIs, among others matters) are

already in the course of being approved and implemented, which may have a very significant impact on the dynamics and structure of the market in the coming years.

Since the beginning of the financial crisis in 2008, the Bank has been implementing a number of initiatives and measures aimed at strengthening its capital base, in particular with regard to the levels of share capital and own funds, liability management, asset management and transfer of liabilities of the Pension Fund to the Social Security.

Despite the fact that the Bank has currently reached historical high levels of capitalization, the repeated increase of regulatory requirements (including the temporary requirement of even more demanding levels of own funds) imposed the need to increase Core Tier 1 in order to comply with the EBA requirements (higher than 9% on June 30, 2012, comprising a buffer for exposures to sovereign debt) and the Bank of Portugal (higher than 10% on December 31, 2012).

Several exogenous factors had a negative impact in the Core Tier 1, in particular:

i) downgrades of the sovereign ratings of Portugal and Greece in the risk weighted assets (equivalent to 151 million euros in Core Tier 1, having regard to a 9% ratio);

ii) impairments registered with the Greek public debt (409 million euros after taxes) which also affected the Core Tier 1 ratio in 2011;

iii) EBA sovereign buffer, with the exclusion of the Greek public debt provisioned in 2011 (848 million euros);

iv) all other deductions required by EBA, in order to anticipate the Basel III rules (724 million euros, which result from the estimated value in 2012 of 50% of deductions due to financial investments and of the shortfall impairment against the expected losses of the exposures treated by the IRB method);

v) capital losses related with the liabilities of the pension fund transferred to the Social Security on December 2011, including the value of the respective corridor, which the Bank of Portugal allowed to be neutralized up to June 2012 (439 million euros), and

vi) the need to establish a non-recurrent provision on June 2012, in the amount of 450 million euros, related with the expected need to strengthen the provisioning for the subsidiary in Greece, due to gradual deterioration of the local economic and financial situation.

The strengthening of Core Tier 1 also allows accommodating a set of endogenous factors, such as:

i) Bank's vulnerability to strategic and financial investments which have an impact on its performance and capital (e.g. exposure to Greece);

ii) sensitivity of the loan portfolio (given the greater exposure to SMEs, as well as real estate development and construction sectors) arising out of the deterioration of the economic environment, which led to a significant increase of overdue loans and of the effort to set up provisions for impairments;

iii) dispersion of the shareholder base and numerous share capital increases, which complicates further capital increases and may reduce the attractiveness of the investment for some qualified shareholders;

iv) refocus of the Bank in businesses with potential for value creation and growth, and

v) the need to reduce operating costs in a lasting and significant way.

The Bank's decision to participate in the recapitalization program of the credit institutions created by Law 63-A/2008, of 24 November (as recently amended by Law 4/2012, of 11 January) was carried out through the submission and approval of the recapitalization plan foreseen therein, which was subsequently amended as a result of the discussions held with the government and the Bank of Portugal and their respective determinations. This decision will allow the execution of public investment, which is expected to have the following components:

a) Potential subscription of shares by virtue of the underwriting of a share capital increase through new cash contributions, to be subscribed by its shareholders in the exercise of the legal right of preference, in a total expected amount of 500 million euros, to be completed by the end of the third quarter of 2012.

b) Subscription by the State of hybrid instruments eligible as Core Tier 1 capital (instruments which are fully redeemable by the Bank over a period of five years and which only in specific circumstances, including non-compliance or failure to pay, can be converted into shares of the Bank), in the total amount of 3,000 million euros, to be completed by the end of June 2012.

The public investment is associated to a set of additional requirements, some of which resulting from the law, which are common in public investment operations in financial institutions with State support in other European countries, including investment restrictions, management and corporate governance limitations and a set of conditions related to market mechanisms.

Regarding the Bank, we highlight the imposition of a ban on:

i) buy backs on hybrid instruments and subordinated debt, without the consent of the Finance Minister;

ii) coupon and interest payments on hybrid instruments and subordinated debt, where there is no legal obligation to proceed with such payment;

iii) the acquisition of equity stakes in other companies, unless previously authorised by the Commission, the Finance Minister and the Bank of Portugal.

The following conditions were also established for the recapitalization:

i) The Minister of Finance shall have the power to appoint a non-executive member of the management body and an additional non-executive member of the management body in its supervision functions, which will have a seat on the audit committee ("Appointed Members"). One of the Appointed Members will have a seat on the risk management and remuneration committees or similar.

ii) Remunerations and benefits of senior management will be subject to appropriate levels of transparency and scrutiny, in order to ensure it remains appropriate.

iii) The Finance Minister will be able to limit the commitment by the Bank of further financial resources to any non-lending businesses, mergers or acquisitions by the Bank.

iv) The Bank is required to operate and maintain an internal specialized unit (or units) to be accountable for the management of problem and workout assets, in line with international best practices.

v) The Bank will take reasonable steps to help enhance the effectiveness of the Mediador do Crédito such as: more actively referring customers to the Mediador do Crédito; providing appropriate data to the Mediador do Crédito etc.

vi) The Bank shall commit at least 30 million euros per year in a fund (that may be managed by itself) and which will invest in holdings in SMEs and mid-cap corporates.

The Bank undertook to perform and fulfill the Plan of Recapitalization agreed (particularly in relation to the original timing foreseen for disinvestment of public funds pursuant to letter h) of article 2.2 of Portaria no. 150-A/2012 of 17th May or as updated by the Bank pursuant to article 13 of the same Portaria, the rescheduling of the timeline for accomplishing the reimbursement of public investment by the Bank not corresponding to a default of any legal or contractual obligations of the Bank, providing the maximum 5 year investment period is complied with) and to meet the interest payments on hybrid instruments eligible as Core Tier 1 (8.5% on year 1), which will represent 255 million euros in the first year.

The targets of the Recapitalization Plan are ambitious, but its implementation will allow the Bank to comply with the minimum limits of Core Tier 1 set by the Bank of Portugal in Notice no. 3/2011 (9% at the end of December 2011 and 10% at the end of December 2012) and Notice no. 5/2012 (9% at the end of June 2012, calculated in accordance with more stringent criteria, in order to create a temporary buffer of capital), as well as those that result from the Basel III proposals, with adoption scheduled for 2013 and the staged introduction of the impacts due to the application of the new criteria over a transitional period that is expected to end on 31 December 2018.

BCP has a value franchise in Portugal, is the largest Portuguese private owned banking institution, with the largest branch network (Source: Associação Portuguesa de Bancos), the second largest loan and deposits portfolio (Source: based on data from Banco de Portugal), and has an international presence of a strategic

nature in Europe (Portugal and Poland) and in Africa (Mozambique and Angola), operations considered as essential to maintain in order to create shareholder value.

The pillars of the shareholder vision of the Bank correspond to the current market and regulatory demands: i) to maintain the integrity and consistency of the Group, ii) to preserve its attractiveness, iii) to enhance, as soon as possible, the full access to the capital markets, and iv) to capitalize its competitive advantages. Taken together, these priorities are intended to ensure the profitability of the assets and the capital invested, creating conditions for the reimbursement of the public investment and the valorization of the Bank's shares.

The management agenda for 2012 consolidates these priorities around 5 lines of action: i) financial strength, ii) strengthening the risk management and recovery processes, iii) profitability of the business in Portugal, iv) optimization of the management of the business portfolio, and v) simplifying the organization and insuring efficiency and cost reductions.

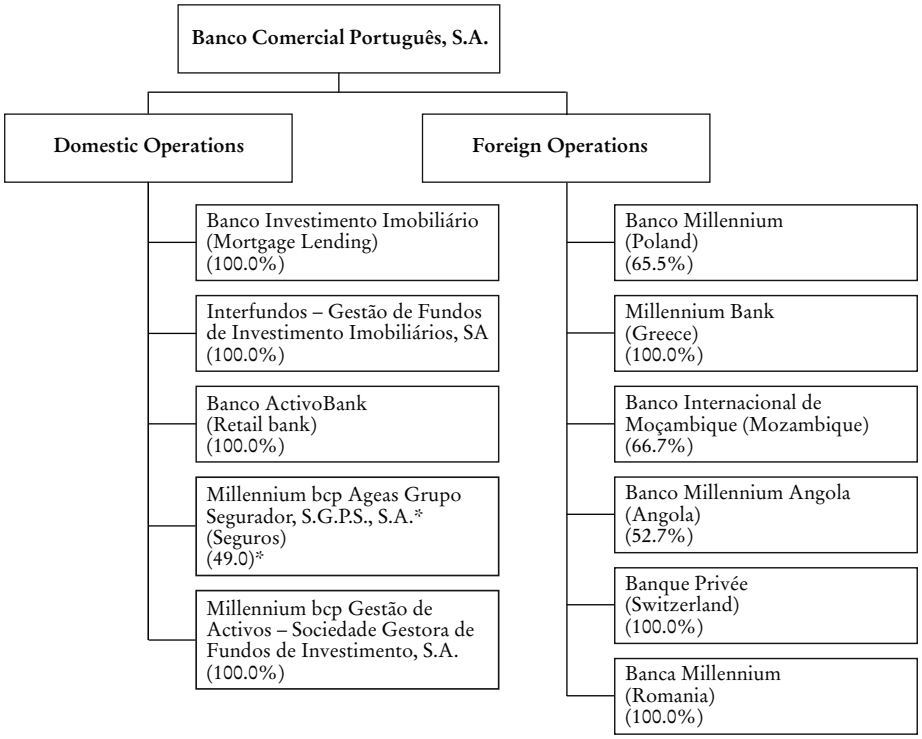
By the end of November, BCP expects to present to the Government a restructuring plan required by Portuguese law and the relevant European rules on state aid. On that basis, the Government will submit to the European Commission a restructuring plan, intended to demonstrate the bank's long-term viability, its own contribution to the recapitalization and restructuring efforts and to introduce measures intended to mitigate any potential competition distortions that might result from the allocation of the public investment. To this extent, the restructuring plan may have to provide for an additional set of measures and conditions associated to the approval of the public investment by the European Commission, including any obligations of behavioral and / or structural nature.

BCP is confident that the conditions currently provided in the Plan of Recapitalization and respective annexes are balanced and proportionate, having regard in particular to the exogenous and transitory factors which justify the recourse to the public investment, to the management model and to the bank's investment strategy, as well as measures to enhance financial strength that the Bank adopted over the past few years, so it will endeavor to argue that structural measures are unnecessary (or, at least, to limit their impact). Nevertheless, it is not possible to ensure which will be the understanding of the European Commission in this regard.

E. Organisational Structure

The Bank and the Group

The following diagram summarises the organisational structure of the principal subsidiaries of the Group on 31 December 2011:



* Consolidated via the equity-method

In addition, BCP's subsidiary, Millennium bcp-Prestação de Serviços ACE represents its associates regarding third parties, namely in the areas of IT, operational, administrative and procurement. The Bank is, directly or indirectly, the ultimate holding company of all the companies in the BCP Group and is not dependent upon other entities within the BCP Group. However, being the ultimate holding company of the BCP Groups the activities developed by the other members of the BCP Group have an impact on the Bank.

Significant Subsidiaries

The following is a list of the main subsidiaries of BCP at 31 December, 2011:

	Country of Incorporation/ Residence	*% held by the Bank*	*% held by the Group*
Banco de Investimento Imobiliário, S.A.	Portugal	100.0	100.0
Banco ActivoBank, S.A.	Portugal	–	100.0
Banco Internacional de Moçambique, S.A.	Mozambique	–	66.7
Banco Millennium Angola, S.A.	Angola	52.7	52.7
Millennium Bank, S.A.	Poland	65.5	65.5
Banque Privée BCP (Suisse) S.A.	Switzerland	–	100.0
Millennium bcp Gestão de Activos - Sociedade Gestora de Fundos de Investimento, S.A.	Portugal	100.0	100.0
Interfundos - Gestão de Fundos de Investimento Imobiliários, S.A.	Portugal	100.0	100.0
Millennium bcp-Prestação de Serviços, A.C.E.	Portugal	73.5	91.5
Millenniumbcp Ageas Grupo Segurador, S.G.P.S., S.A.	Portugal	–	49.0
Millennium Bank, Societe Anonyme	Greece	–	100.0
Banca Millennium, S.A.	Romania	–	100.0

General information

So far as the Bank is aware, there are no arrangements in place, the operation of which may result in a change of control of the Bank.

Save as disclosed in the "*Recent Developments in 2012*" section on pages 150 to 151 of this Offering Circular, the Bank has made no material investments since the date of the last published financial statements and the Bank has not made relevant firm commitments on future investments.

Save as disclosed in the "*Evolution of the Solvency Ratio in 2011 and 1Q 2012*" section on page 170 to 173 of this Offering Circular, there have been no recent events particular to the Bank, which are to a material extent relevant to the evaluation of the Banks solvency.

F. Share Capital

The authorised, issued and fully paid up share capital of the Bank is Euro 3,000,000,000, divided into 7,207,167,060 shares with no nominal value. The shares are ordinary, issued in a dematerialized book-entry form ("*escriturais*") and *nominativas*, and are integrated in a centralised system recognised under the Securities Code ("*Central de Valores Mobiliários*") managed by Interbolsa – Sociedade Gestora de Sistemas de Liquidação e de Sistemas Centralizados de Valores Mobiliários, S.A., with its registered office at Avenida da Boavista, 3433 to 4100 -138 Porto.

G. Legislation regulating the activity of the Bank

The Bank is governed by European Union rules, banking and commercial Portuguese laws on limited liability companies ("*sociedades anónimas*") – notably by the Companies Code – and, in particular, the Legal Framework of Credit Institutions and Financial Companies ("*Regime Geral das Instituições de Crédito e Sociedades Financeiras*"), by the Portuguese Securities Code ("*Código dos Valores Mobiliários*") and other complementary legislation.

In general terms, the Bank's activity as a credit institution is subject to the supervision of Bank of Portugal ("*Banco de Portugal*"), to the supervision of the Portuguese Securities Exchange Commission ("*Comissão do*

Mercado de Valores Mobiliários") as an issuer and a financial intermediary and to the supervision of the Portuguese Insurance Institute ("*Instituto de Seguros de Portugal*") as the tied insurance intermediary.

H. Management, Audit Committee and Statutory Auditor

Banco Comercial Português, S.A. adopted on 28 February 2012, a new corporate governance model, with one Board of Directors within which there are an Executive Committee and an Audit Committee, plus a Statutory Auditor.

Board of Directors

According to the one-tier governance model adopted by Banco Comercial Português, S.A., the Board of Directors is the corporate management body generally responsible for ensuring all operational activity not attributed to other bodies, in compliance with the strictest rules of good banking practice, and has the following members:

Chairman:	António Vítor Martins Monteiro
Vice-Chairmen:	Carlos José da Silva Nuno Manuel da Silva Amado Pedro Maria Calainho Teixeira Duarte
Members:	António Luís Guerra Nunes Mexia João Bernardo Bastos Mendes Resende Álvaro Roque de Pinho Bissaia Barreto António Henriques de Pinho Cardão César Paxi Manuel João Pedro José Jacinto Iglésias Soares André Luiz Gomes João Manuel de Matos Loureiro José Guilherme Xavier de Basto Jaime de Macedo Santos Bastos Maria da Conceição Mota Soares de Oliveira Callé Lucas António Manuel Costeira Faustino Miguel de Campos Pereira de Bragança Miguel Maya Dias Pinheiro Luís Maria França de Castro Pereira Coutinho Rui Manuel Teixeira

Positions held by Board of Directors Members:

Name	Position	Company
António Vítor Martins Monteiro		
In companies outside the Group	Chairman	Curators Board of Fundação Luso Brasileira
	Non-executive Member of the Board of Directors	SOCO - Internacional, plc
	Non-executive Member of the Board of Directors	Banco Privado Atlântico, S.A.
	Member of the General Board	Faculdade de Ciências Sociais e Humanas da Universidade Nova de Lisboa
Carlos José da Silva		
In companies outside the Group	CEO	Banco Privado Atlântico S.A.
	Chairman	Banco Privado Atlântico Europa
	Chairman	Angola Management School
	Chairman	Interoceanico Capital SGPS, S.A.
	Vice-Chairman	Baía de Luanda

Nuno Manuel da Silva Amado		
In companies of the Group	Vice-Chairman of the Supervisory Board	Bank Millennium, S.A. (Poland)
In companies outside the Group	Member of the Management representing Banco Comercial Português, S.A.	APB- Associação Portuguesa de Bancos
Pedro Maria Calainho Teixeira Duarte		
In companies outside the Group	Chairman of the Board of Directors	Teixeira Duarte, S.A.
	Chairman of the Board of Directors	Teixeira Duarte – Engenharia e Construções, S.A.
	Chairman of the Board of Directors	Teixeira Duarte – Sociedade Gestora de Participações Sociais, S.A.
	Chairman of the Board of Directors	PASIM – Sociedade Imobiliária, S.A.
	Chairman of the Board of Directors	PACIM – Sociedade Gestora de Participações Sociais, S.A.
António Luís Guerra Nunes Mexia		
In companies outside the Group	Chairman of the Board of Directors	EDP - Energias de Portugal, S.A.
	Chairman of the Board of Directors	EDP - Energias do Brasil, S.A.
	Chairman of the Board of Directors	EDP Renováveis, S.A.
João Bernardo Bastos Mendes Resende		
In companies outside the Group	Member of the Management Board	Instituto de Estudos Económicos
	Member of the Board of Directors	Banco Urquijo (Grupo Banco Sabadell)
	Member	Spanish Institute of Financial Advisors
	Member of the Management Board	Associação Espanhola do Mercado de Valores
Álvaro Roque de Pinho Bissaia Barreto		
In companies outside the Group	Chairman of the Board of Directors	Tejo Energia, S.A.
	Non-executive Director	Nutrinveste – Sociedade Gestora de Participações Sociais, S.A.
	Non-executive Director	MELLO – Sociedade Gestora de Participações Sociais, S.A.
	Chairman of the Board of the General Meeting	Prime Drinks, S.A.
	Non-executive Director	SAIP – Soc. Alentejana de Investimentos e Participações, SGPS, S.A.
	Non-executive Director	Beralt Tin & Wolfram (Portugal), S.A.

António Henriques Pinho Cardão		
In companies outside the Group	Chairman of the Audit Board	Vila Galé, S.A.
	Member of the Audit Board	Monte & Monte, SGPS, S.A.
César Paxi Manuel João Pedro		
In companies outside the Group	General Counsel	Sonangol, E.P.
José Jacinto Iglésias Soares		
In companies of the Group	Chairman of the Board of Directors	Millennium bcp – Prestação de Serviços ACE
In companies outside the Group	Non-executive Director	SIBS, SGPS, S.A. and SIBS Forward Payment Solutions, S.A.
	Member of the Remunerations Committee	UNICRE – Instituição Financeira de Crédito, S.A.
André Luiz Gomes		
In companies outside the Group	Partner	Cuatrecasas, Gonçalves Pereira & Associados, Sociedade de Advogados, R.L.
João Manuel de Matos Loureiro		
In companies outside the Group	Professor	Faculdade da Economia do Porto e da EGP-UPBS
	Researcher	Centro de Economia e Finanças da UP
José Guilherme Xavier de Basto		
In companies outside the Group	Member	Centro de Estudos da Câmara dos Técnicos Oficiais de Contas (CTOC)
	Non-executive Director	Portugal Telecom, SGPS, S.A.
	Member of the Audit Board	Portugal Telecom, SGPS, S.A.
Jaime de Macedo Santos Bastos		
In companies outside the Group	Member of the Board of Auditors	Chartered Accountants Association
	Member of the Audit Board in representation of Bastos, C. Sousa Góis & Associados, SROC	Cimpor

Maria da Conceição Mota Soares de Oliveira Callé Lucas		
In companies of the Group	Chairwoman of the Board of Directors	Millennium bcp Gestão de Activos – Sociedade Gestora de Fundos de Investimento, S.A.
	Vice-Chairwoman of the Board of Directors and Chairwoman of the Board of Auditors	Millennium bcp Ageas Grupo Segurador, SGPS, S.A.
	Vice-Chairwoman of the Board of Directors and Chairwoman of the Board of Auditors	Médis- Companhia Portuguesa de Seguros de Saúde, S.A.
	Vice-Chairwoman of the Board of Directors and Chairwoman of the Board of Auditors	Ocidental – Companhia Portuguesa de Seguros, S.A.
	Vice-Chairwoman of the Board of Directors and Chairwoman of the Board of Auditors	Ocidental – Companhia Portuguesa de Seguros de Vida, S.A.
	Vice-Chairwoman of the Board of Directors and Chairwoman of the Board of Auditors	Pensões Gere – Sociedade Gestora de Fundos de Pensões, S.A.
	Member of the Board of Directors	BIM – Banco Internacional de Moçambique, S.A. (Mozambique)
	Member of the Supervisory Board	Bank Millennium, S.A. (Poland)
	Member of the Board of Directors	Banco Millennium Angola S.A. (Angola)
António Manuel Costeira Faustino	Lawyer (liberal professional)	
Miguel de Campos Pereira de Bragança		
In companies of the Group	Manager	Millennium bcp Participações, SGPS, Sociedade Unipessoal, Lda.
	Member of the Supervisory Board	Bank Millennium, S.A. (Poland)
Miguel Maya Dias Pinheiro		
In companies of the Group	Chairman of the board of Directors	Banco de Investimento Imobiliário, S.A.
	Chairman of the board of Directors	Interfundos – Gestão de Fundos de Investimento Imobiliário, S.A.
	Chairman of the board of Directors	Banco Millennium Angola, S.A. (Angola)
	Vice-Chairman of the board of Directors	BIM – Banco Internacional de Moçambique, S.A. (Mozambique)

Luís Maria França de Castro Pereira Coutinho		
In companies of the Group	Chairman of the Board of Directors	Banco ActivoBank, S.A
	Chairman of the Board of Directors	Banque Privée BCP (Suisse), S.A.
	Member of the Board of Directors	Millennium Bank, S.A. (Greece)
	Member of the Supervisory Board	Bank Millennium , S.A. (Poland)
	Chairman of the Board of Directors	Banca Millennium, S.A. (Romania)
Rui Manuel da Silva Teixeira		
In companies of the Group	Member of the Supervisory Board	Bank Millennium, S.A. (Poland)
In companies outside the Group	Member of the Board of Directors, as representative of BCP	UNICRE – Instituição Financeira de Crédito, S.A.
	Member of the Remunerations Welfare Board	SIBS, SGPS, S.A. and SIBS Forward Payment Solutions, S.A.

Executive Committee

In accordance with the articles of association of Banco Comercial Português, S.A., the bank has an Executive Committee, composed by a minimum of six and a maximum of nine directors, elected by the Board of Directors among its members.

On 1 March 2012, the Board of Directors of Banco Comercial Português, S.A. appointed the Executive Committee of Banco Comercial Português, S.A. for the term of office 2012-2014, which is composed by the following seven members:

Chairman:	Nuno Manuel da Silva Amado
Vice Chairmen:	Miguel Maya Dias Pinheiro Miguel de Campos Pereira de Bragança
Members:	Rui Manuel da Silva Teixeira Luís Maria França de Castro Pereira Coutinho Maria da Conceição Mota Soares de Oliveira Callé Lucas José Jacinto Iglésias Soares

There are no conflicts of interest or potential conflicts of interest between the duties of the members of the Board of Directors and of the Executive Committee towards BCP and their private interests or duties. Under the terms of article 398 (3 and 4) of the Portuguese Companies Code, the General Meeting held on 28 February 2012 authorized the non-executive members of the Board of Directors to exercise functions on their own behalf and on behalf of third parties in activities that compete with the Bank, while maintaining the regime for accessing sensitive information adopted by the Bank.

Audit Committee

The Audit Committee was established in accordance with the number 1 of article 278 of the Portuguese Companies Code and, in accordance with article 39 of the by-laws of BCP, is particularly responsible for:

(a) Monitoring the Bank's management;

(b) Verifying the compliance with the law and with the articles of association;

(c) Verifying the regularity of the books, accounting records and documents supporting them;

(d) Verifying the accuracy of the financial statements;

(e) Supervising the efficiency of the risk management system, of the internal control system and of the internal audit system;

(f) Receiving the communications on irregularities presented by shareholders, employees of the Bank and other;

(g) Supervising the preparation and disclosure of financial information process;

(h) Proposing to the General Meeting the election of the Chartered accountant and of the external auditor;

(i) Supervising the review of the accounts and of the financial statements of the Bank;

(j) Supervising the independence of the chartered accountant and of the external auditor, notably in what regards the provision of additional services;

(k) Engaging the provision of services by experts to assist one or several, of its members in the exercise of his/her/their functions. This engagement and the remuneration of the experts must take into account the importance of the issues committed to them and the Bank's economic situation;

(l) Complying with all the duties foreseen in the law and in the articles of association.

The Audit Committee has the following members:

Chairman:	João Manuel Matos Loureiro
Members:	José Guilherme Xavier de Basto Jaime Macedo Pinto Bastos

There are no potential conflicts of interest between the duties to BCP of the persons listed above and their private interest or duties.

The business address for each of the member of the Board of Directors of BCP, including those of the Executive Committee and, for each of the members of the Audit Committee, is Tagus Park Edifício 1, Avenida Professor Doutor Cavaco Silva (Parque das Tecnologias), 2744-002, Porto Salvo, Portugal.

BCP complies with the general provisions of Portuguese law on corporate governance.

Statutory Auditor

KPMG & Associados, SROC, S.A. (SROC no. 189), represented by Ana Cristina Valente Dourado (ROC no. 1011), as Statutory Auditor and João Albino Cordeiro Augusto (ROC no 632), as alternate Statutory Auditor. In relation to 2010 financial statements, KPMG was represented by Vítor Manuel da Cunha Ribeirinho (ROC no 1081), as Statutory Auditor and Ana Cristina Valente Dourado (ROC no. 1011).

The business address for the Statutory Auditor and alternate Statutory Auditor is Edifício Monumental, Avenida Praia da Vitória, 71, 11.º, 1069-006 Lisboa.

There are no potential conflicts of interest between the duties to BCP of the persons listed above and their private interest or duties.

BANCO COMERCIAL PORTUGUÊS

The financial information set out below has been derived from the audited consolidated financial statements of the Bank as at, and for the years ended, 31 December 2010 and 31 December 2011 and the unaudited interim consolidated financial statements of the Bank for the three months period ended 31 March, 2012. The audited consolidated financial and the unaudited interim consolidated financial statements of the Bank were prepared in accordance with International Financial Reporting Standards ("IFRS"). Such financial information should be read in conjunction with, and is qualified in its entirety by reference to, the Bank's annual reports and audited financial statements as at, and for the years ended, 31 December 2010 and 31 December 2011 and the unaudited interim consolidated financial statements of the Bank for the three months period end 31 March, 2012. The financial statements for the years ended 31 December 2011 have been approved by the Board of Directors of the Bank and the General Meeting of Shareholders on 31 May 2012.

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the years ended 31 December, 2011 and 2010

	2011	*2010*
	(Thousands of Euros)	
Interest and similar income	4,060,136	3,477,058
Interest expense and similar charges	(2,480,862)	(1,960,223)
Net interest income	1,579,274	1,516,835
Dividends from equity instruments	1,379	35,906
Net fees and commissions income	789,372	811,581
Net gains / (losses) arising from trading and hedging activities	204,379	367,280
Net gains / (losses) arising from available for sale financial assets	3,253	72,087
Other operating income/costs	(22,793)	17,476
	2,554,864	2,821,165
Other net income from non banking activities	26,974	16,550
Total operating income	2,581,838	2,837,715
Staff costs	953,649	831,168
Other administrative costs	584,459	601,845
Depreciation	96,110	110,231
Operating expenses	1,634,218	1,543,244
Operating net income before provisions and impairment	947,620	1,294,471
Loans impairment	(1,331,910)	(713,256)
Other financial assets impairment	(549,850)	(10,180)
Other assets impairment	(128,565)	(71,115)
Goodwill impairment	(160,649)	(147,130)
Other provisions	13,979	635
Operating net income	(1,209,375)	353,425
Share of profit of associates under the equity method	14,620	67,661
Gains / (losses) from the sale of subsidiaries and other assets	(26,872)	(2,978)
Net income before income tax	(1,221,627)	418,108
Income tax		
Current	(66,857)	(54,158)
Deferred	525,714	39,814
Net income after income tax	(762,770)	403,764
Attributable to:		
Shareholders of the Bank	(848,623)	344,457
Non-controlling interests	85,853	59,307
Net income for the year	(762,770)	403,764

BANCO COMERCIAL PORTUGUÊS

Consolidated Income Statement
for the three months period 31 March, 2012 and 2011

	31 March 2012	*31 March 2011*
	(Thousands of Euros)	
Interest and similar income	1,012,647	946,874
Interest expense and similar charges	(695,170)	(545,310)
Net interest income	317,477	401,564
Dividends from equity instruments	296	27
Net fees and commissions income	169,921	195,425
Net gains / (losses) arising from trading and hedging activities	168,778	(742)
Net gains / (losses) arising from financial assets available for sale	7,048	27,221
Net gains / (losses) arising from financial assets held to maturity	15,510	–
Other operating income/costs	(11,126)	18,325
	667,904	641,820
Other net income from non banking activities	4,719	5,104
Total operating income	672,623	646,924
Staff costs	206,552	174,620
Other administrative costs	141,348	139,408
Depreciation	21,478	24,828
Operating expenses	369,378	338,856
Operating net income before provisions and impairment	303,245	308,068
Loans impairment	(170,264)	(166,567)
Other financial assets impairment	(816)	(2,742)
Other assets impairment	(36,955)	(25,092)
Other provisions	(8,513)	(3,524)
Operating net income	86,697	110,143
Share of profit of associates under the equity method	12,851	16,730
Gains / (losses) from the sale of subsidiaries and other assets	(8,058)	(3,234)
Net income before income tax	91,490	123,639
Income tax		
Current	(20,997)	(25,291)
Deferred	(11,193)	10,529
Net income after income tax	59,300	108,877
Attributable to:		
Shareholders of the Bank	40,759	90,099
Non-controlling interests	18,541	18,778
Net income for the period	59,300	108,877

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 December, 2011 and 2010

	2011	*2010*
	(Thousands of Euros)	
Assets		
Cash and deposits at central banks	2,115,945	1,484,262
Loans and advances to credit institutions		
Repayable on demand	1,577,410	1,259,025
Other loans and advances	2,913,015	2,343,972
Loans and advances to customers	68,045,535	73,905,406
Financial assets held for trading	2,145,330	5,136,299
Financial assets available for sale	4,774,114	2,573,064
Assets with repurchase agreement	495	13,858
Hedging derivatives	495,879	476,674
Financial assets held to maturity	5,160,180	6,744,673
Investments in associated companies	305,075	395,906
Non current assets held for sale	1,104,650	996,772
Investment property	560,567	404,734
Property and equipment	624,599	617,240
Goodwill and intangible assets	251,266	400,802
Current income tax assets	52,828	33,946
Deferred income tax assets	1,564,538	975,676
Other assets	1,790,650	784,446
	93,482,076	98,546,755
Liabilities		
Deposits from credit institutions	17,723,419	20,076,556
Deposits from customers	47,516,110	45,609,115
Debt securities issued	16,236,202	18,137,390
Financial liabilities held for trading	1,478,680	1,176,451
Other financial liabilities at fair value through profit or loss	2,578,990	4,038,239
Hedging derivatives	508,032	346,473
Provisions for liabilities and charges	246,100	235,333
Subordinated debt	1,146,543	2,039,174
Current income tax liabilities	24,037	11,960
Deferred income tax liabilities	2,385	344
Other liabilities	1,647,208	1,264,119
Total Liabilities	89,107,706	92,935,154
Equity		
Share capital	6,065,000	4,694,600
Treasury stock	(11,422)	(81,938)
Share premium	71,722	192,122
Preference shares	171,175	1,000,000
Other capital instruments	9,853	1,000,000
Fair value reserves	(389,460)	(166,361)
Reserves and retained earnings	(1,241,490)	(1,868,780)
Net income for the year attributable to Shareholders	(848,623)	344,457
Total Equity attributable to Shareholders of the Bank	3,826,755	5,114,100
Non-controlling interests	547,615	497,501
Total Equity	4,374,370	5,611,601
	93,482,076	98,546,755

BANCO COMERCIAL PORTUGUÊS

Consolidated Balance Sheet as at 31 March, 2012 and 2011

	31 March 2012	*31 March 2011*
	(Thousands of Euros)	
Assets		
Cash and deposits at central banks	1,883,922	1,564,141
Loans and advances to credit institutions		
Repayable on demand	1,130,660	949,217
Other loans and advances	2,365,719	1,230,261
Loans and advances to customers	68,330,387	72,689,673
Financial assets held for trading	2,066,045	4,052,975
Financial assets available for sale	6,266,559	2,879,766
Assets with repurchase agreement	9,251	20,726
Hedging derivatives	471,523	352,787
Financial assets held to maturity	3,908,114	6,746,586
Investments in associated companies	386,442	362,723
Non current assets held for sale	1,096,777	1,005,750
Investment property	562,869	515,251
Property and equipment	608,427	592,891
Goodwill and intangible assets	249,317	398,532
Current income tax assets	34,536	29,200
Deferred income tax assets	1,540,229	1,002,367
Other assets	1,117,871	783,909
	92,028,648	95,176,755
Liabilities		
Deposits from credit institutions	18,754,271	19,408,731
Deposits from customers	49,526,288	44,866,925
Debt securities issued	14,560,815	17,098,510
Financial liabilities held for trading	1,265,779	870,348
Other financial liabilities at fair value through profit or loss	315,768	4,078,118
Hedging derivatives	376,021	232,003
Provisions for liabilities and charges	252,832	238,141
Subordinated debt	1,160,119	1,352,633
Current income tax liabilities	13,015	8,666
Deferred income tax liabilities	1,249	–
Other liabilities	1,242,633	1,436,792
Total Liabilities	87,468,790	89,590,867
Equity		
Share capital	6,065,000	4,694,600
Treasury stock	(11,448)	(83,223)
Share premium	71,722	192,122
Preference shares	171,175	1,000,000
Other capital instruments	9,853	1,000,000
Fair value reserves	(292,284)	(241,545)
Reserves and retained earnings	(2,063,529)	(1,548,812)
Net income for the period attributable to Shareholders	40,759	90,099
Total Equity attributable to Shareholders of the Bank	3,991,248	5,103,241
Non-controlling interests	568,610	482,647
Total Equity	4,559,858	5,585,888
	92,028,648	95,176,755

BANCO COMERCIAL PORTUGUÊS

Consolidated Cash Flows Statement
for the years ended 31 December, 2011 and 2010

	2011	*2010*
	(Thousands of Euros)	
Cash flows arising from operating activities		
Interest income received	3,640,315	3,291,908
Commissions income received	965,688	961,139
Fees received from services rendered	102,232	118,610
Interest expense paid	(2,319,143)	(1,972,908)
Commissions expense paid	(159,433)	(129,930)
Recoveries on loans previously written off	21,289	30,555
Net earned premiums	23,169	20,328
Claims incurred	(11,076)	(8,486)
Payments to suppliers and employees	(1,805,189)	(1,686,712)
	457,852	624,504
Decrease / (increase) in operating assets:		
Loans and advances to credit institutions	(1,054,839)	790,967
Deposits with Central Banks under monetary regulations	(133,961)	(329,598)
Loans and advances to customers	5,257,606	485,154
Short term trading account securities	3,083,023	(1,558,296)
Increase / (decrease) in operating liabilities:		
Deposits from credit institutions repayable on demand	25,050	11,022
Deposits from credit institutions with agreed maturity date	(2,608,353)	8,720,756
Deposits from clients repayable on demand	(151,127)	(635,063)
Deposits from clients with agreed maturity date	2,036,816	(19,342)
	6,912,067	8,090,104
Income taxes (paid) / received	(64,463)	(25,182)
	6,847,604	8,064,922
Cash flows arising from investing activities		
Proceeds from sale of shares in subsidiaries and associated companies	–	81,051
Acquisition of shares in subsidiaries and associated companies	–	(23,895)
Dividends received	7,717	42,031
Interest income from available for sale financial assets	401,043	188,323
Proceeds from sale of available for sale financial assets	22,427,343	48,068,277
Available for sale financial assets purchased	(43,954,493)	(61,360,877)
Proceeds from available for sale financial assets on maturity	19,057,945	13,330,707
Acquisition of fixed assets	(103,172)	(151,309)
Proceeds from sale of fixed assets	6,002	51,762
Increase / (decrease) in other sundry assets	(1,237,633)	(4,788,366)
	(3,395,248)	(4,562,296)

	2011	2010
	(Thousands of Euros)	
Cash flows arising from financing activities		
Issuance of subordinated debt	416,100	150,334
Reimbursement of subordinated debt	(1,224,616)	(324,423)
Issuance of debt securities	3,098,189	4,168,688
Reimbursement of debt securities	(6,999,746)	(4,425,979)
Issuance of commercial paper	3,367,283	5,596,366
Reimbursement of commercial paper	(2,250,846)	(7,936,414)
Share capital increase	249,991	–
Dividends paid	–	(89,095)
Dividends paid to non-controlling interests	(19,154)	(3,468)
Increase / (decrease) in other sundry liabilities and non-controlling interests	266,740	(227,640)
	(3,096,059)	(3,091,631)
Exchange differences effect on cash and equivalents	(40,190)	18,426
Net changes in cash and equivalents	316,107	429,421
Cash and equivalents at the beginning of the year	1,952,447	1,523,026
Cash (note 19)	691,144	693,422
Other short term investments (note 20)	1,577,410	1,259,025
Cash and equivalents at the end of the year	2,268,554	1,952,447

Evolution of the Solvency Ratio in 2011 and 1Q 2012

Following the request submitted by the Bank, the Bank of Portugal formally authorised the adoption of methodologies based on Internal Rating Models (IRB) for the calculation of capital requirements for credit and counterparty risk, covering a substantial part of the risk from the activity in Portugal as from 31 December 2010. In the scope of the roll-out plan for the calculation of capital requirements for credit and counterparty risk under IRB approaches and following the request submitted by the Bank, the Bank of Portugal formally authorised the extension of this methodology to the subclasses of risk "Renewable Retail Positions" and "Other Retail Positions" in Portugal with effect as from 31 December 2011.

Core Tier I ratio came to 9.3%, above the minimum threshold set by the Bank of Portugal (9.0%) having increased 260 basis points compared to 6.7% as reported at the end of 2010.

The success of the operations to reinforce Core Tier I undertaken in 2011 and the reduction of risk-weighted assets, supported by deleveraging and the optimisation and reinforcement of the collateral, contributed positively to the evolution of Core Tier I ratio.

At the end of 2011, relative to the value determined at the end of 2010, Core Tier I increased by Euro 1,169 million, with emphasis on:

- The increase in the share capital of the Bank by Euro 990 million, concluded in June 2011 within the scope of the general public tender offer for perpetual subordinated debt securities with conditional coupons.
- The increase in the share capital by cash entries in June 2011, with preferential shareholder rights, in the amount of Euro 260 million.
- The exchange offer for holders of subordinated debt and preference shares, which took place in September and October 2011 and enabled Core Tier 1 to increase by Euro 539 million, of which Euro 98 million through profit and loss and the remainder in reserves.
- The positive effects as a result of, on the one hand, the decrease in prudential deduction associated to own credit risk of Euro 117 million, reflecting the acquisition of own debt recorded at fair value and, on the other hand, the increase in minority interests of Euro 49 million, supported by the higher level of results posted in the subsidiaries in Poland, Mozambique and Angola.Net income for the year which, in spite of having been negative by Euro 849 million, had a negative impact of only Euro 314 million on Core Tier 1 of 31 December 2011, since it includes a total of Euro 535 million which were not reflected in capital, in compliance with the rules laid down by the Bank of Portugal.
- The costs which were not reflected in core tier 1 of 31 December include: i) Euro 147 million related to the depreciation of goodwill of the subsidiary in Greece, which had no impact on capital since goodwill had already been deducted; and ii) Euro 388 million, net of taxes, relative to the partial transfer of pensions to the General Social Security Regime (Euro 117 million) and the Special Inspections Programme (Euro 271 million), which were subject to prudential neutralisation in December 2011 in compliance with Bank of Portugal Notice no. 1/2012.
- The component of the net income of 2011 which had a negative impact on Core Tier I (Euro 314 million) was determined by the gain of Euro 98 million recognised with the scope of the exchange offer previously mentioned and by the cost of Euro 409 million, after taxes, as a result of the recording of impairment losses corresponding to an average of 77.3% of exposure to Greek public debt.
- The negative impact of Euro 289 million related with the Pension Fund, calculated after the neutralization of the effects of the partial transfer of pensions to the General Social Security Regime and of the corridor due to the non-transferred liabilities, of which Euro -64 million resulted from the actuarial differences calculated in 2011, including the effects of the change in assumptions and the variation of the Pension Fund corridor, and Euro -225 million were due to the regulatory amortisation of the deferred adjustments related to the transition to IAS/IFRS, the change undertaken to the mortality table in 2005 and the actuarial losses recorded in 2008.

- The negative impacts associated to other prudential filters, namely the impairment shortfall relative to the regulatory provisions of exposures treated by the standardised approach (Euro -57 million), the deduction of 21% of the nominal value of Greek public debt not covered by impairment (Euro -16 million) and the deposits with high interest rates, pursuant to Bank of Portugal Instruction no. 28/2011 (Euro -10 million).

- The effects on consolidated reserves as a result of the variation in fair value reserves of Millenniumbcp Ageas, the change in the accounting policy of the Pension Fund, the payment of remunerations of hybrid products, exchange rate differences and other which, in aggregate terms, contributed to a decrease of Euro 2 million.

Risk-weighted assets registered, between the end of 2010 and December 2011, a decrease of Euro 4,109 million, essentially reflecting the following impacts:

- The reduction of Euro 4,649 million of credit risk-weighted assets and counterparty risk-weighted assets associated with the business, supported by deleveraging, reflected in the decrease of the value of consolidated assets by Euro 6,513 million, and in the optimisation and reinforcement of the collateral undertaken during 2011.

- The decrease of Euro 750 million resulting from the extension of the application of internal rating models (IRB) to "Retail Revolving Exposures" and "Other Retail Exposures" risk sub-classes in Portugal, formally authorised by the Bank of Portugal with effect from 31 December 2011 within the framework of the gradual adoption of IRB methodologies to calculate capital requirements for credit and counterparty risk.

- The regulatory changes imposed by the Bank of Portugal in 2011, influenced in particular by the reduction of the average weights of the regional and local governments and of the sovereign risks of Angola and Mozambique, whose total value resulted in a reduction of Euro 378 million.

- The reductions of market risk-weighted assets by Euro 41 million and of risk-weighted assets for operational risk coverage by Euro 294 million.

- The changes arising from the Special Inspections Programme, which led to an increase of Euro 664 million.

- The downgrades of the rating of the Portuguese Republic, which worsened the value of risk-weighted assets by Euro 1,340 million.

SOLVENCY

	31 Dec. 11 IRB	*31 Dec. 10 IRB*
	Euro million	
Own Funds		
Core Tier I	5,135	3,966
Preference shares and Perpetual subordinated debt securities with conditional coupons"	173	1,935
Other deduction[1]	(521)	(446)
Tier I Capital	4,787	5,455
Tier II Capital	613	774
Deductions to Total Regulatory Capital	(137)	(113)
Total Regulatory Capital	5,263	6,116
Risk Weighted Assests	**55,455**	**59,564**
Solvency Ratios		
Core Tier I	9.3%	6.7%
Tier I	8.6%	9.2%
Tier II	0.9%	1.1%
Total	9.5%	10.3%

(1) Includes deductions related to the shortfall of the stock of impairment to expected losses and significant shareholdings in unconsolidated financial institutions, in particular to the shareholdings held in Millenniumbcp Ageas and Banque BCP (France and Luxembourg).

Note: The Bank received authorisation from the Bank of Portugal to adopt IRB approaches for the calculation of capital requirements for credit and counterparty risks, covering a substantial part of the risks from the activity in Portugal, as from31 December 2010. Estimates of the probability of default and the loss given default (IRB Advanced) were used for retail exposures to small companies and exposures collateralised by commercial and residential real state, and estimates of the probability of default (IRB Foundation) were used for corporate exposures, excluding property development loans and entities from the simplified rating system. In the scope of the Roll-Out Plan for the calculation of capital requirements for credit and counterparty risk under IRB approaches and following the request submitted by the Bank, the Bank of Portugal formally authorised the extension of this methodology to the subclasses of risk "Renewable Retail Positions" and "Other Retail Positions" in Portugal with effect as from 31 December 2011.

The Core Tier I ratio reached 9.22% at the end of March 2012, standing roughly in line with at 31 December 2011 (9.26%), as the impact of the positive performance of Core Tier I offset the higher level of risk weighted assets.

The increase in Core Tier I by Euro 137 million was mostly boosted by organic capital generation, driven by the net income and the neutralisation of the effect of the Bank's own credit risk change, together with the increase in reserves and non-controlling interests, despite the amortisation of the deferred impacts authorized by the Bank of Portugal.

The increase in risk weighted assets by Euro 1,733 million was determined by the increase of the internal risk grade of customers exposures treated in accordance with the IRB approach, due to the worsening of the economic framework and following the annual revision that takes place in the first quarter, despite the benefit that resulted from the deleverage efforts during the period.

SOLVENCY

	31 Mar. 12	*31 Dec. 11*
	Euro million	
Own Funds		
Core Tier I	5,272	5,135
Preference shares and Perpetual subordinated debt securities with conditional coupons"	173	173
Other deduction[(1)]	(552)	(521)
Tier I Capital	4,894	4,787
Tier II Capital	594	613
Deductions to Total Regulatory Capital	(135)	(137)
Total Regulatory Capital	5,353	5,263
Risk Weighted Assests	**57,188**	**55,455**
Solvency Ratio		
Core Tier I	9.2%	9.3%
Tier I	8.6%	8.6%
Tier II	0.8%	0.9%
Total	9.4%	9.5%

(1) Includes deductions related to the shortfall of the stock of impairment to expected losses and to significant shareholdings in unconsolidated financial institutions, in particular to the shareholdings held in Millenniumbcp Ageas and Banque BCP (France and Luxembourg).

Note: The Bank received authorisation from the Bank of Portugal (BoP) to adopt IRB approaches for the calculation of capital requirements for credit risks, as from 31 December 2010. Estimates of the probability of default and the lost given default (IRB Advanced) were used for retail exposures to small companies and collateralised by commercial and residential real estate, and estimates of the probability of default (IRB Foundation) for corporate exposures, in Portugal, excluding property development loans and entities from the simplified rating system. In the scope of the Roll-Out Plan for the calculation of capital requirements for credit and counterparty risk under IRB approaches and following the request submitted by the Bank, the Bank of Portugal formally authorised the extension of this methodology to the subclasses of risk "Renewable Retail Positions" and "Other Retail Positions" in Portugal with effect as from 31 December 2011. In the 1st half of 2009, the Bank received authorisation from BoP to adopt the advanced approaches (internal models) to the generic market risk and the standard method for the operational risk.

The information regarding the 1Q 2012 is unaudited.

Reasons behind the need for additional capital

The international financial crisis and the impact on the financial condition of the sovereign nations were decisive factors driving the degradation of the business environment, profitability and financial strength of the

banking sector in Portugal. This situation, as well as the new regulatory requirements of eminently temporary nature, determined the additional capital needs:

– The Financial and Economic Assistance Program ("FEAP") which imposed a minimum ratio for core tier I of 9% at the end of 2011 and 10% at the end of 2012;

– The European Banking Authority ("EBA"), which imposed a minimum ratio for core tier I of 9% at the end of June 2012, calculated on the basis of additional deductions, in particular a temporary buffer to cover sovereign risk and the anticipation of Basel III rules.

Quantification of the capital requirements

The amount of capital solicited is therefore aimed at satisfying the capital needs determined by what are primarily exogenous impacts, of which a substantial portion are of a temporary nature or designed to anticipate requirements expected under Basel III.

The aforementioned impacts are as follows:

1. Exogenous impacts
   - Downgrades of the sovereign ratings for Portugal and Greece (151 million euros)
   - Impairment of Greek public debt (409 million euros)
   - The EBA's sovereign buffer, excluding Greek public debt (848 million euros)
   - Other EBA deductions, in anticipation of the Basel III rules (724 million euros)
   - Losses from the transfer of pensions to the National Social Security System (439 million euros)
2. Contingent risks related to the need to establish provisions of a non-recurring nature for our Greek subsidiary, as a result of the gradual deterioration of the economic and financial situation in that country (450 million euros)
3. Additional safety buffer against future uncertainty (479 million euros)

The recapitalization operation

After considering the risks, uncertainty and volatility associated with the expected development of BCP's activity, the estimated additional capital needed, to be realized through public investment, is 3.0 billion euros, complemented by an additional 500 million euros to be raised through private investment:

1. Issuance of hybrid instruments in the estimated total amount of 3.0 billion euros, eligible as Core tier I, to be subscribed by the Portuguese State, and which is expected to begin being paid back starting in 2014, with full amortization by the end of 2016 (500 million euros in 2014, 1.0 billion euros in 2015 and 1.5 billion euros in 2016), even though the bank has the right to complete the repayment in 2017;
2. Issuance of ordinary shares, in the estimated amount of 500 million euros, in exchange for new funds, to be subscribed by shareholders and fully underwritten by the State. For the underwriting agreement a price has been established of €0.04 a share.

TAXATION

1. United States Taxation

Certain U.S. Federal Income Tax Considerations

The following general discussion summarises certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes by U.S. Holders (as defined below). This discussion is a summary for general information only and does not consider all aspects of U.S. federal income taxation that may be relevant to the purchase, ownership and disposition of the Notes by a prospective investor in light of his or her personal circumstances. This discussion also does not address the U.S. federal income tax consequences of ownership of Notes not held as capital assets within the meaning of Section 1221 of the U.S. Internal Revenue Code of 1986 (the "**Code**"), or to investors subject to special treatment under the U.S. federal income tax laws, such as dealers in securities or foreign currency, tax-exempt entities, financial institutions, insurance companies, persons that hold the Notes as part of a "straddle", of a "hedge" against currency risk, or as a "conversion transaction" and persons whose "functional currency" is not the U.S. dollar. In addition, the discussion is generally limited to the tax consequences to initial holders of the Notes. It does not address tax consequences to holders of interests in pass-through entities that hold the Notes or the special rules that may apply if the holder receives principal in instalment payments or if the Note is called before the maturity date. Finally, it does not describe the U.S. federal gift or estate tax consequences or any tax consequences arising out of the tax laws of any state, local or foreign jurisdiction.

This summary is based upon the Code, existing and proposed regulations thereunder, and current administrative rulings and court decisions as of the date hereof. All of the foregoing are subject to change, possibly on a retroactive basis, and any such change could affect the continuing validity of this discussion.

This discussion applies only to holders of Registered Notes. Bearer Notes are not being offered to U.S. Holders. A U.S. Holder who owns a Bearer Note may be subject to limitations under U.S. federal income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Code.

Persons considering the purchase of Notes should consult their own tax advisors concerning the application of U.S. federal income tax laws, as well as the laws of any state, local or foreign taxing jurisdiction to their particular situations. Additional U.S. federal income tax consequences applicable to particular Notes may be set forth in the applicable Final Terms.

Special considerations relevant to the U.S. federal income taxation of payments on Notes denominated in a Specified Currency other than the U.S. dollar or indexed to changes in exchange rates ("**Foreign Currency Notes**") are discussed separately below under the heading "*Foreign Currency Notes*". Special considerations relevant to the U.S. federal income taxation of payments on Notes the interest or principal of which is indexed to property other than foreign currency and which is not a variable rate debt instrument (discussed under the heading "*Variable Rate Notes*") are discussed separately below under the heading "*Contingent Payment Debt Instruments.*" The discussion below assumes that the Notes will be treated as debt for U.S. federal income tax purposes. However, it is possible that some Notes would not be treated as debt for U.S. federal income tax purposes. Holders should consult their tax own advisors with respect to whether any Notes constitute debt for U.S. federal income tax purposes.

NOTICE PURSUANT TO CIRCULAR 230: ANYTHING CONTAINED IN THIS DISCUSSION CONCERNING ANY U.S. FEDERAL TAX ISSUE IS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED BY A HOLDER OF NOTES, FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES UNDER THE CODE. THIS DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE NOTES. EACH HOLDER OF NOTES SHOULD SEEK U.S. FEDERAL TAX ADVICE, BASED ON SUCH HOLDER'S PARTICULAR CIRCUMSTANCES, FROM AN INDEPENDENT TAX ADVISOR.

For the purposes of this summary, a "U.S. Holder" is a beneficial owner of Notes that is for U.S. Federal income tax purposes (i) a citizen or individual resident of the United States, (ii) a corporation created in or organised under the laws of the United States, any state of the United States or the District of Columbia, (iii) an estate, the income of which is subject to U.S. federal income tax regardless of the source or (iv) a trust if (A) one or more United States persons (as defined for U.S. federal tax purposes) have the authority to control all substantial decisions of the trust and a court within the United States is able to exercise primary supervision

over the administration of the trust or (B) the trust was in existence on 20 August, 1996, was considered a United States person as of that date, and has in effect an election to continue to be treated as such.

Stated Interest; Original Issue Discount

Except as set forth below, interest on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with such U.S. Holder's method of accounting for tax purposes. U.S. Holders of Notes that bear original issue discount ("**OID**") and that mature more than one year from the date of issuance will generally be required to include OID in income as it accrues in advance of the receipt of cash attributable to such income, regardless of whether such U.S. Holder uses the cash or accrual method of accounting.

Subject to a statutory *de minimis* exception, the amount of OID, if any, on a Note is the excess of its "stated redemption price at maturity" over its "issue price". For this purpose, *de minimis* OID is OID that is less than 1/4 of 1 per cent. of the stated redemption price at maturity multiplied by the number of complete years to its maturity from the issue date. If the amount of OID is *de minimis*, it is deemed to be zero.

The issue price of a Note generally will be the initial offering price to the public at which a substantial amount of the Notes is sold, excluding sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers.

A Note's stated redemption price at maturity includes all payments required to be made over the term of the Note other than the payment of "qualified stated interest," which is defined as interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate (with certain exceptions for lower rates paid during some periods) or, in the circumstances described below, a qualified floating rate or objective rate on a variable rate note. If a debt instrument provides for alternate payment schedules upon the occurrence of one or more contingencies which provide for payments the timing and amount of which are known as of the issue date, the yield and maturity of the debt instrument are computed based on a single payment schedule if, based on all of the facts and circumstances, that schedule is significantly more likely than not to occur. If no one payment schedule is significantly more likely than not to occur, the rules for contingent payment debt obligations described below under the heading "Contingent Payment Debt Instruments" will apply. However, if a debt instrument provides for one or more alternate payment schedules, but all possible payment schedules under the terms of the instrument result in the same fixed yield, that yield is the yield of the instrument.

A U.S. Holder must include in income the sum of the daily portions of OID for each day of the taxable year during which the U.S. Holder held the Note. The daily portions of OID are determined by determining the OID attributable to each accrual period and allocating a ratable portion of such amount to each day in the accrual period. The accrual period may be any length and may vary in length over the term of the Note, provided that each accrual period is no longer than one year and each scheduled payment of principal and interest occurs on the final day of an accrual period or on the first day of an accrual period. In general, OID allocable to an accrual period equals (i) the product of the adjusted issue price at the beginning of the accrual period (i.e., the original issue price plus previously-accrued OID minus previous payments other than payments of qualified stated interest) multiplied by the original yield to maturity of the Note (determined on the basis of compounding at the end of each accrual period) minus (ii) the amount of qualified stated interest allocable to the accrual period.

Special rules apply for determining the amount of OID allocable to a period when there is unpaid qualified stated interest, for short initial accrual periods and final accrual periods, and for determining the yield to maturity of debt instruments subject to certain contingencies as to the timing of payments, including debt instruments that provide for options to accelerate or defer any payments and debt instruments with indefinite maturities. For example, the maturity date and yield will be determined to take into account the options. In the case of such options held by the issuer, the options will be deemed exercised or not in a manner that minimises the yield on the instrument, while in the case of options held by a holder, the options will be deemed exercised or not in a manner that maximises the yield on the instrument. An option to convert debt into stock of the issuer or into stock or debt of certain related parties or to cash or other property in an amount equal to the approximate value of such stock or debt are disregarded in determining OID.

Variable Rate Notes

The OID Regulations contain special rules for determining the accrual of OID and the amount of qualified stated interest on a "variable rate debt instrument." For purposes of these regulations, a "variable rate debt instrument" is a debt instrument that: (1) has an issue price that does not exceed the total non-contingent principal payments by more than a specified amount; (2) provides for stated interest (compounded or paid at least annually) at (a) one or more "qualified floating rates", (b) a single fixed rate and one or more qualified floating rates, (c) a single "objective rate", or (d) a single fixed rate and a single objective rate that is a "qualified inverse floating rate"; (3) provides that a qualified floating rate or objective rate in effect at any time during the term of the instrument is set at a current value of that rate; and (4) except as permitted in (1), does not provide for any principal payments that are contingent.

For purposes of determining if a Note is a variable rate debt instrument, a floating rate is a "qualified floating rate" if variations in the rate can reasonably be expected to measure contemporaneous variations in the costs of newly borrowed funds in the currency in which the debt instrument is denominated. A multiple of a qualified floating rate is generally not a qualified floating rate, unless it is either (a) a product of a qualified rate times a fixed multiple greater than 0.65 but not more than 1.35 or (b) a multiple of the type described in (a) increased or decreased by a fixed rate. If a debt instrument provides for two or more qualified floating rates that can reasonably be expected to have approximately the same value throughout the term of the instrument, the debt instrument will be considered to provide for a single qualified floating rate. Two or more such rates will be considered to have approximately the same value throughout the term of the instrument if the values of the rates on the date of issuance are within 25 basis points of each other.

An "objective rate" is a rate, other than a qualified floating rate, that is determined using a single fixed formula and that is based on objective financial or economic information, including, for example, a rate based on one or more qualified floating rates or a rate based on the yield of actively traded personal property (within the meaning of Section 1092(d)(1) of the Code). The rate, however, must not be based on information that is within the control of the issuer (or a related party), or that is, in general, unique to the circumstances of the issuer (or a related party) such as dividends, profits, or the value of the issuer's stock. In addition, the Internal Revenue Service (the "Service") may designate other variable rates as objective rates. Restrictions establishing a minimum interest rate ("floor") or maximum interest rate ("cap"), or the amount of increase or decrease in the stated interest rate ("governor"), generally will not result in the rate failing to be treated as a qualified floating rate or an objective rate, if the restriction is fixed throughout the term of the instrument and the cap, floor, or governor is not reasonably expected to affect the yield significantly as of the date of issuance. However, a rate is not an objective rate if it is reasonably expected that an average value of such rate of interest over the first half of the instrument's term will be either significantly less or more than the average value of the rate during the final half of the instrument's term (i.e., if there is a significant front loading or back loading of interest).

A "qualified inverse floating rate" is a rate that is equal to a fixed rate minus a qualified floating rate if variations in the rate can reasonably be expected to inversely reflect contemporaneous variations in the cost of newly borrowed funds (disregarding any cap, floor or governor).

For purposes of determining the amount and accrual of OID and qualified stated interest, a debt instrument providing for a qualified floating rate or qualified inverse floating rate is in effect converted to an equivalent fixed rate debt instrument by assuming that each qualified floating rate, or qualified inverse floating rate, respectively, will remain at its value as of the issue date. A debt instrument providing for an objective rate (other than a qualified inverse floating rate) is in effect converted to an equivalent fixed rate debt instrument and the amounts of qualified stated interest and OID allocable to any accrual period are determined by assuming that the objective rate will equal a fixed rate that reflects the yield that is reasonably expected for the instrument. The rules applicable to fixed rate debt instruments are then applied to determine the qualified stated interest payments and OID accruals on the equivalent fixed rate debt instrument. Appropriate adjustments are made to the extent the interest or OID actually accrued or paid differs from that assumed on the equivalent fixed rate debt instrument.

Further Issuances

The Issuer may, from time to time, without notice to or the consent of the holders of the outstanding Notes, create and issue additional debt securities with identical terms and ranking pari passu with the Notes in all respects. The Issuer may consolidate such additional debt securities with the outstanding Notes to form a single series. The Issuer may offer additional debt securities with OID for U.S. federal income tax purposes as

part of a further issue. Purchasers of debt securities after the date of any further issue may not be able to differentiate between debt securities sold as part of the further issue and previously issued Notes. If the Issuer were to issue additional debt securities with OID, purchasers of debt securities after such further issue may be required to accrue OID (or greater amounts of OID than they would have otherwise accrued) with respect to their debt securities. This may affect the price of outstanding Notes following a further issuance.

Elections to Treat All Interest as OID

A U.S. Holder may elect to account for all income on a Note (other than foreign currency gain or loss), including stated interest, OID, *de minimis* OID, and amortisable bond premium in the same manner as OID. The election is made in the year of acquisition of the Note and such election is irrevocable without the consent of the Service. If this election is made, the U.S. Holder may be subject to the conformity requirements of Section 171(c) of the Code, which may require the amortisation of bond premium on other debt instruments held by the same U.S. Holder.

Short-Term Notes

In general, an individual or other cash method U.S. Holder of a Note that has an original maturity of not more than one year from the date of issuance (a "**short-term Note**") is not required to accrue OID unless he or she elects to do so. Such an election applies to all short-term Notes acquired by the U.S. Holder during the first taxable year for which the election is made, and all subsequent taxable years of the U.S. Holder, unless the Service consents to a revocation. U.S. Holders who report income for U.S. federal income tax purposes on the accrual method and certain other U.S. Holders and electing cash method U.S. Holders are required to include OID on such short-term Notes on a straight-line basis, unless an irrevocable election with respect to any short-term Note is made to accrue the OID according to a constant interest rate based on daily compounding. In the case of a U.S. Holder who is not required, and does not elect, to include OID in income currently, any gain realised on the sale, exchange or retirement of the short-term Note will be ordinary income to the extent of the OID accrued (on a straight-line basis or, if elected, according to the constant interest rate method based on daily compounding) through the date of sale, exchange or retirement. In addition, such non-electing U.S. Holders who are not subject to the current inclusion requirement described above will be required to defer deductions for any interest paid on indebtedness incurred or continued to purchase or carry such short-term Notes in an amount not exceeding the deferred income until such income is realised.

Premium

If a U.S. Holder purchases a Note and immediately after the purchase the adjusted basis of the Note exceeds the sum of all amounts payable on the instrument after the purchase date, other than qualified stated interest, the Note has "bond premium". Special rules govern the determination of adjusted basis for this purpose. A U.S. Holder may elect to amortise such bond premium over the remaining term of such Note (or, in certain circumstances, until an earlier call date). That election must be made with a timely-filed U.S. federal income tax return for the first taxable year to which the U.S Holder wishes the election to apply.

If a bond premium is amortised, the amount of interest that must be included in the U.S. Holder's income for each period ending on an interest payment date or on stated maturity, as the case may be, will be reduced by the portion of premium allocable to such period based on the Note's yield to maturity. If the bond premium allocable to an accrual period is in excess of the qualified stated interest allocable to that period, such premium is carried to the next accrual period and offsets qualified stated interest in such period. Special rules govern the determination of bond premium on variable rate debt instruments, inflation-indexed debt instruments and bonds with alternate payment schedules that are not treated as contingent payment obligations. If an election to amortise bond premium is not made, a U.S. Holder must include the full amount of each interest payment in income in accordance with its regular method of accounting and will receive a tax benefit from the bond premium only in computing its gain or loss upon the sale or other disposition or payment of the principal amount of the Note.

An election to amortise bond premium will apply to amortisable bond premium on all Notes and other bonds, the interest on which is includible in the U.S. Holder's gross income, held at the beginning of the U.S. Holder's first taxable year to which the election applies or thereafter acquired, and may be revoked only with the consent of the Service. The election to treat all interest, including for this purpose amortisable bond premium, as OID is deemed to be an election to amortise bond premium. In addition, if the U.S. Holder has

already made an election to amortise bond premium, the conformity requirements will be deemed satisfied with respect to any Notes for which the U.S. Holder makes an election to treat all interest as OID.

Sale, Exchange, Redemption or Repayment of the Notes

Upon the disposition of a Note by sale, exchange, redemption or repayment, the U.S. Holder will generally recognise gain or loss equal to the difference between (i) the amount realised on the disposition (excluding amounts attributable to accrued interest) and (ii) the U.S. Holder's tax basis in the Note. A U.S. Holder's tax basis in a Note generally will equal the cost of the Note (net of accrued interest) to the U.S. Holder, increased by amounts includible in income as OID and reduced by any amortised bond premium and any payments, other than payments of qualified stated interest, made on such Note.

Such gain or loss (except to the extent that rules relating to certain short-term OID notes otherwise provide) will generally constitute capital gain or loss and will be long-term capital gain or loss if the U.S. Holder has held such Note for longer than one year. The deductability of capital losses is subject to limitations.

Foreign Currency Notes

The following discussion applies to Foreign Currency Notes, provided that such Notes are not denominated in or indexed to a currency that is considered a "hyperinflationary" currency. Special U.S. Federal income tax considerations applicable to obligations denominated in or indexed to a hyperinflationary currency or to "dual currency" Notes may be discussed in the applicable Final Terms.

In general, a U.S. Holder that uses the cash method of accounting and holds a Foreign Currency Note will be required to include in income the U.S. dollar value of the amount of interest income (other than OID) received, whether or not the payment is received in U.S. dollars or converted into U.S. dollars. The U.S. dollar value of the amount of interest received is the amount of foreign currency interest paid, translated at the spot rate on the date of receipt. The U.S. Holder will not have exchange gain or loss on the interest payment, but may have exchange gain or loss when it disposes of any foreign currency received.

A U.S. Holder on the accrual method of accounting is generally required to include in income the U.S. dollar value of interest accrued during the accrual period. Accrual basis U.S. Holders may determine the amount of income recognised with respect to such interest in accordance with either of two methods. Under the first method, the U.S. dollar value of accrued interest is translated at the average rate for the interest accrual period (or, with respect to an accrual period that spans two taxable years, the partial period within the taxable year). For this purpose, the average rate is the simple average of spot rates of exchange for each business day of such period or other average rates of exchange for the period reasonably derived and consistently applied by the U.S. Holder. Under the second method, a U.S. Holder can elect to accrue interest at the spot rate on the last day of an interest accrual period (in the case of a partial accrual period, the last day of the taxable year) or, if the last day of an interest accrual period is within five business days of the receipt, the spot rate on the date of receipt. Any such election will apply to all debt instruments held by the U.S. Holder at the beginning of the first taxable year to which the election applies or thereafter acquired and will be irrevocable without the consent of the Service. An accrual basis U.S. Holder will recognise exchange gain or loss, as the case may be, on the receipt of a foreign currency interest payment if the exchange rate on the date payment is received differs from the rate applicable to the previous accrual of that interest income. The foreign currency gain or loss will generally be treated as U.S. source ordinary income or loss.

OID on a Foreign Currency Note is determined in the foreign currency at the time of acquisition of the Note and is translated into U.S. dollars in the same manner that an accrual basis U.S. Holder accrues stated interest. Exchange gain or loss will be determined when OID is considered paid to the extent the exchange rate on the date of payment differs from the exchange rate at which the OID was accrued.

Amortisable bond premium on a Foreign Currency Note is also computed in units of foreign currency and, if the U.S. Holder elects, will reduce interest income in units of foreign currency. At the time amortised bond premium offsets interest income (i.e., the last day of the tax year in which the election is made and the last day of each subsequent tax year), exchange gain or loss with respect to amortised bond premium is recognised measured by the difference between exchange rates at that time and at the time of the acquisition of the Note.

With respect to the sale, exchange, retirement or repayment of a Foreign Currency Note, the foreign currency amount realised will be considered to be the payment first of accrued but unpaid interest (on which

exchange gain or loss is recognised as described above), then of accrued but unpaid OID (on which exchange gain or loss is recognised as described above). With respect to such payment of principal: (i) gain or loss is computed in the foreign currency and translated on the date of retirement or disposition and (ii) exchange gain or loss is separately computed on the foreign currency amount of the purchase price, reduced by amortised bond premium, that is repaid to the extent that the rate of exchange on the date of retirement or disposition differs from the rate of exchange on the date the Note was acquired, or deemed acquired. Exchange gain or loss computed on accrued interest, OID and principal is recognised, however, only to the extent of total gain or loss on the transaction. For purposes of determining the total gain or loss on the transaction, a U.S. Holder's tax basis in the Note will generally equal the U.S. dollar cost of the Note, increased by the U.S. dollar amounts includible in income as accrued interest and OID and reduced by the U.S. dollar amount of amortised bond premium and of any payments other than payments of qualified stated interest.

In the case of a Note denominated in foreign currency, the cost of the Note to the U.S. Holder will be the U.S. dollar value of the foreign currency purchase price translated at the spot rate for the date of purchase (or, in some cases, the settlement date). The conversion of U.S. dollars into a foreign currency and the immediate use of that currency to purchase a Foreign Currency Note generally will not result in a taxable gain or loss for a U.S. Holder. A U.S. Holder will have a tax basis in any foreign currency received on the sale, exchange or retirement of a Note equal to the U.S. dollar value of such currency on the date of receipt.

Contingent Payment Debt Instruments

Certain Notes calling for one or more contingent payments may be treated as contingent payment debt instruments subject to special rules.

In general, under applicable U.S. Treasury regulations the amount of interest that is taken into account for each accrual period is computed by determining a yield for the debt instrument as described below, then constructing a projected payment schedule for the debt instrument that produces that yield and finally applying rules similar to those for accruing OID on a non-contingent debt instrument. This method is referred to as the non-contingent bond method. The issuer's projected payment schedule must be used to determine the holder's interest accruals and adjustments, unless the issuer does not create a payment schedule or the holder determines that the issuer's projected payment schedule is unreasonable, in which case the holder must disclose its own schedule in connection with its U.S. federal income tax return filings and the reasons why it is not using the issuer's projected payment schedule.

The Issuer is required to provide to holders, solely for U.S. federal income tax purposes, a schedule of the projected amounts of payments on contingent-payment Notes. The applicable Final Terms will either contain the comparable yield and projected payment schedule, or will provide an address to which a U.S. Holder of a such Note can submit a written request for this information.

THE COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE ARE NOT DETERMINED FOR ANY PURPOSE OTHER THAN FOR THE DETERMINATION OF INTEREST ACCRUALS AND ADJUSTMENTS THEREOF IN RESPECT OF THE CONTINGENT NOTES FOR U.S. FEDERAL INCOME TAX PURPOSES. THEY ARE BASED UPON A NUMBER OF ASSUMPTIONS AND ESTIMATES AND DO NOT CONSTITUTE A PROJECTION OR REPRESENTATION REGARDING THE ACTUAL AMOUNTS PAYABLE TO THE HOLDERS OF, OR THE ACTUAL YIELD ON, THE CONTINGENT-PAYMENT NOTES.

In general, under the non-contingent bond method, the yield on a contingent bond is determined by reference to the comparable yield at which the issuer would issue a fixed rate debt instrument with no contingent payments, but with terms and conditions similar to those of the contingent debt instrument, including the level of subordination, term, timing of payments, and general market conditions. If a hedge is available and the combined cash flows of the hedge and the non-contingent payments would permit the calculation of a yield to maturity such that the debt instrument and the hedge could be integrated into a synthetic fixed-rate instrument, the comparable yield is the yield that the synthetic fixed-rate instrument would have. However, if a substantial part of the issue is being marketed to persons for whom the inclusion of interest is not expected to have a substantial effect on their U.S. federal income tax liability and the instrument provides for a non-market based projected payment schedule, the yield of the contingent payment debt instruments generally is deemed to be the applicable federal rate.

Under the Contingent Debt Regulations, if the actual contingent payments made on a debt instrument in a taxable year differ from the projected contingent payments, an adjustment must be made for such

differences. A positive adjustment, i.e. the amount by which an actual payment exceeds a projected payment, is treated as additional interest. A negative adjustment first reduces the amount of interest required to be accrued in the current year. Any excess is treated as an ordinary loss to the U.S. Holder to the extent prior cumulative interest accruals exceed any negative adjustments in prior years. Any negative adjustment in excess of those amounts is carried over to subsequent years and reduces the amounts that would otherwise accrue in such subsequent years, and to the extent not so applied reduces the amount realised on disposition of the debt instrument.

A U.S. Holder's basis in a contingent debt obligation is increased by the projected contingent payments accrued by the holder under the projected payment schedule (as determined without regard to adjustments made to reflect differences between actual and projected payments) and reduced by the amount of any noncontingent payments and the projected amount of any contingent payments previously made. Gain on the sale, exchange, or retirement of a contingent payment debt obligation generally would be treated as ordinary interest income. Losses, on the other hand, would be treated as ordinary only to the extent of the holder's prior net interest inclusions (reduced by the total net negative adjustments previously allowed to the holder as an ordinary loss) and thereafter capital loss.

Backup Withholding and FATCA withholding

A U.S. Holder of a Note may be subject to U.S. backup withholding with respect to interest paid on the Notes, unless such U.S. Holder (i) is exempt and, when required, demonstrates eligibility for exemption or (ii) provides a correct taxpayer identification number, certifies as to no loss of exemption from backup withholding and otherwise complies with the applicable requirements of the backup withholding rules. U.S. Holders of Notes should consult their own tax advisors as to their qualification for exemption from U.S. backup withholding and the procedure for obtaining such an exemption. Payments on the Notes may also be subject to withholding pursuant to FATCA, as described in "Risk Factors – Risks related to Notes generally – U.S. Foreign Account Tax Compliance Withholding." Any amount paid as U.S. backup withholding or withholding pursuant to FATCA generally may be creditable against the U.S. Holder's U.S. federal income tax liability, provided the applicable requisite information is timely provided to the Service.

2. Portuguese Taxation

The following is a general summary of the Bank's understanding of current law and practice in Portugal as in effect on the date of this Offering Circular in relation to certain current relevant aspects to Portuguese taxation of the Notes and is subject to changes in such laws, including changes that could have a retroactive effect. The following summary is intended as a general guide only and is not exhaustive. It is not intended to be, nor should it be considered to be, legal or tax advice to any holder of Notes. It does not take into account or discuss the tax laws of any country other than Portugal and relates only to the position of persons who are absolute beneficial owners of the Notes. Prospective investors are advised to consult their own tax advisers as to the Portuguese or other tax consequences of the purchase, ownership and disposal of Notes.

The reference to "interest", "other investment income" and "capital gains" in the paragraphs below means "interest", "other investment income" and "capital gains" as understood in Portuguese tax law. The statements below do not take any account different definitions of "interest", "other investment income" or "capital gains" which may prevail under any other law or which may be created by the "Terms and Conditions of the Notes" or any related documentation.

Notes issued by BCP Finance

Interest and other investment income obtained by Portuguese resident individuals on Notes issued by BCP Finance is subject to individual income tax. If the payment of interest or other investment income is made available to Portuguese resident individuals through a Portuguese resident entity or a Portuguese branch of a non-resident entity, withholding tax applies at 30%, which is the final tax on that income. If the interest on the Notes is not received through an entity located in Portugal it is not subject to Portuguese withholding tax, but an autonomous taxation of 30% will apply, which is the final tax on that income.

In the case of Zero Coupon Notes, the difference between the redemption value and the subscription cost is regarded as investment income and is also subject to Portuguese taxation.

Gains obtained on the disposal of Notes by an individual resident in Portugal for tax purposes are subject to Portuguese capital gains taxation, whereby the positive difference between such gains and gains on other securities and losses in securities is subject to tax at 25%, which is the final tax on that income unless the individual elects to include it in his/her taxable income, subject to tax at progressive rates of up to 49% for the years of 2012 and 2013. An exemption applies to the annual positive difference between gains and losses on shares and debt securities of up to Euro 500. Accrued interest qualifies as interest for tax purposes.

Interest and other investment income derived from the Notes and capital gains realised with the transfer of the Notes by legal persons resident for tax purposes in Portugal and by non-resident legal persons with a permanent establishment in Portugal to which the income or gains are attributable are included in their taxable profits and are subject to corporate tax at 25% and may be subject to a municipal surcharge ("*derrama municipal*") of up to 1.5%. A state surcharge ("*derrama estadual*") also applies at 3% on taxable profits in excess of Euro 1,500,000 and up to Euro 10,000,000 and at 5% on taxable profits in excess of Euro 10,000,000 for the years of 2012 and 2013.

No Stamp tax applies to the acquisition through gift or inheritance of Notes by an individual.

The acquisition of Notes through gift or inheritance by a Portuguese resident legal person or a non-resident acting through a Portuguese permanent establishment is subject to corporate tax at 25%. A municipal surcharge ("*derrama municipal*") of up to 1.5% may also be due. A state surcharge ("*derrama estadual*") also applies at 3% on taxable profits in excess of Euro 1,500,000 and up to Euro 10,000,000 and at 5% on taxable profits in excess of Euro 10,000,000 for the years of 2012 and 2013.

There is neither wealth nor estate tax in Portugal.

Payments made by BCP Finance of interest, other investment income or principal on Notes issued by it to an individual or legal person non-resident in Portugal for tax purposes without a Portuguese permanent establishment to which income may be attributable are not subject to Portuguese tax.

Capital gains realised on the transfer of a Note by a holder who is neither resident nor engaged in business through a permanent establishment in Portugal to which that gain is attributable are not subject to Portuguese tax.

Notes issued by the Bank

Portuguese resident holders and non-resident holders with a Portuguese permanent establishment

Interest and other types of investment income obtained on Notes by a Portuguese resident individual is subject to withholding tax at 25%, which, if such income is not earned as business or professional income, is the final tax on that income unless the individual elects to include it in his/her taxable income, subject to tax at progressive rates of up to 49% for the years of 2012 and 2013. In this case, the tax withheld is deemed a payment on account of the final tax due.

In the case of zero coupon Notes, the difference between the redemption value and the subscription cost is regarded as investment income and is taxed accordingly.

Gains obtained on the disposal of Notes by an individual resident in Portugal for tax purposes are subject to Portuguese capital gains taxation, whereby the positive difference between such gains and gains on other securities and losses in securities is subject to tax at 25%, which is the final tax on that income, unless the individual elects to include it in his/her taxable income, subject to tax at progressive rates of up to 49% for the years of 2012 and 2013. An exemption applies to resident individuals on the annual positive difference between gains and losses on shares and debt securities of up to Euro 500. Accrued interest qualifies as interest for tax purposes.

Stamp tax at 10% applies to the acquisition through gift or inheritance of Notes by an individual who is domiciled in Portugal. An exemption applies to transfers in favour of the spouse (or person living together as spouse), descendants and parents/ grandparents.

Interest or other investment income derived from the Notes and capital gains realised with the transfer of the Notes by legal persons resident for tax purposes in Portugal and by non-resident legal persons with a permanent establishment in Portugal to which the income or gains are attributable are included in their taxable profits and are subject to Portuguese corporate tax at 25% and may be subject to a municipal surcharge

("*derrama municipal*") of up to 1.5%. A state surcharge ("*derrama estadual*") also applies at 3% on taxable profits in excess of Euro 1,500,000 and up to Euro 10,000,000 and at 5% on taxable profits in excess of Euro 10,000,000 for the years of 2012 and 2013. Withholding tax at 25% applies to interest and other investment income, which is deemed a payment on account of the final tax due. The withholding (and final) tax rate is 21.5% in the case of entities benefitting from an exemption from tax under Articles 9 and 10 of the corporate tax code that does not apply to investment income. The corporate tax rate is 21.5% in the case of entities not carrying on an activity of a commercial, industrial or agricultural nature.

The annual positive difference between capital gains and capital losses deriving from the sale of Notes (and other debt securities and shares held for more than 12 months) by investment funds created and operating under Portuguese legislation other than mixed or closed-ended private investment funds is exempt from tax; otherwise, tax applies at 21.5%.

Financial institutions, pension funds, retirement and/or education savings funds, share savings funds, venture capital funds and some exempt entities, among other entities, are not subject to withholding tax.

Interest and other investment income paid or made available ("*colocado à disposição*") to accounts in the name of one or more account holders acting on behalf of undisclosed entities is subject to a final withholding tax at 30%, unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

The acquisition of Notes through gift or inheritance by a Portuguese resident legal person or a non-resident acting through a Portuguese permanent establishment is subject to Portuguese corporate tax at 25%. A municipal surcharge ("*derrama municipal*") of up to 1.5% may also be due. A state surcharge ("*derrama estadual*") also applies at 3% on taxable profits in excess of Euro 1,500,000 and up to Euro 10,000,000 and at 5% on taxable profits in excess of Euro 10,000,000 for the years of 2012 and 2013.

There is no wealth nor estate tax in Portugal.

Non-resident holders without a Portuguese permanent establishment – General rules

Interest and other types of investment income obtained by non-resident holders (individuals or legal persons) without a Portuguese permanent establishment to which the income is attributable is subject to withholding tax at 25%, which is the final tax on that income. The rate is 30% in the case of individuals or legal persons domiciled in a country included in the "tax havens" list approved by Ministerial order no. 150/2004 of 13 February (as amended by Ministerial order no. 292/2011 of 8 November).

Interest and other investment income paid or made available ("*colocado à disposição*") to accounts in the name of one or more account holders acting on behalf of undisclosed entities is subject to a final withholding tax at 30%, unless the beneficial owner of the income is disclosed, in which case the general rules will apply.

Under the tax treaties entered into by Portugal, the withholding tax rate may be reduced to 15, 12, 10 or 5%, depending on the applicable treaty and provided that the relevant formalities (including certification of residence by the tax authorities of the beneficial owners of the interest and other investment income) are met. The reduction may apply at source or through the refund of the excess tax. The forms currently applicable for these purposes were approved by Order ("*Despacho*") n. 4743-A/2008 (2.nd series), as rectified on 29 February 2008, published in the Portuguese official gazette, second series, n. 43, of 29 February 2008, of the Portuguese Minister of Finance and may be available for viewing and downloading at www.portaldasfinancas.gov.pt.

According to information provided by Euroclear and Clearstream, Luxembourg (the "ICSDs"), the ICSDs do not offer any tax relief to the holders of Notes (other than Book Entry Notes) issued by the Bank acting through its head office.

In the case of zero coupon Notes, the difference between the redemption value and the subscription cost is regarded as investment income and is taxed accordingly.

Income paid to an associated company of the Bank who is resident in the European Union is subject to withholding tax at 5% until 30 June 2013. From that date onwards, no withholding tax applies.

For these purposes, an "associated company of the Bank" is:

(i) A company which is subject to one of the taxes on profits listed in Article 3 (a) (iii) of Council Directive 2003/49/EC without being exempt, which takes one of the forms listed in the Annex to that Directive, which is considered to be resident in an European Union Member State and is

not, within the meaning of a double taxation convention on income concluded with a third state, considered to be resident for tax purposes outside the Community; and

(ii) Which holds a minimum direct holding of 25% in capital of the Bank, or is directly held by the Bank in at least 25% or which is directly held in at least 25% by a company which also holds at least 25% of the capital of the Bank; and

(iii) Provided that the holding has been maintained for an uninterrupted period of at least two years. If the minimum holding period is met after the date the withholding tax becomes due, a refund may be obtained.

The associated company of the Bank to which payments are made must be the beneficial owner of the interest, which will be the case if it receives the interest for its own benefit and not as an intermediary, either as a representative, a trustee or authorised signatory, for some other person.

The reduction of the withholding tax rate may take place at source or through the refund of excess withholding tax. The forms currently applicable for the reduction of the withholding tax rate and for the refund of excess withholding tax where the minimum holding period is met after withholding tax becomes due were approved by Order ("*despacho*") n. 4727/2009, (2.nd series), published in the Portuguese Official Gazette, second series, n. 27, of 9 February 2009, and may be available for viewing and downloading at www.portaldasfinancas.gov.pt. The refund of excess withholding tax in other cases is subject to the general procedures.

Capital gains obtained on the disposal of Notes by an individual non-resident in Portugal for tax purposes are subject to Portuguese capital gains taxation, whereby the positive difference between such gains and gains on other securities and losses in securities is subject to tax at 25%, which is the final tax on that income. An exemption applies, unless the individual is resident in a country included in the "tax havens" list approved by ministerial order N.150/2004 of 13 February (as amended by Ministerial order no. 292/2011 of 8 November). Accrued interest qualifies as interest for tax purposes.

Gains obtained on the disposal of Notes by a legal person non-resident in Portugal for tax purposes and without a permanent establishment in Portugal to which gains are attributable are exempt from Portuguese capital gains taxation, unless the share capital of the holder is more than 25% directly or indirectly held by Portuguese resident entities or if the holder is resident in a country included in the "tax havens" list approved by Ministerial order no. 150/2004 of 13 February (as amended by Ministerial order no. 292/2011 of 8 November). If the exemption does not apply, the gains will be subject to tax at 25%.

Under the tax treaties entered into by Portugal, the above gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case by case basis.

No stamp tax applies to the acquisition through gift and inheritance of Notes by an individual who is not domiciled in Portugal.

The acquisition of Notes through gift or inheritance by a non-resident legal person is subject to corporate tax at 25%. Under the tax treaties entered into by Portugal, such gains are usually not subject to Portuguese tax, but the applicable rules should be confirmed on a case by case basis.

There is neither wealth nor estate tax in Portugal.

Non-resident holders without a Portuguese permanent establishment – Notes (except for Notes with a maturity of less than one year) held through a centralized control system

The regime described above corresponds to the general tax treatment of investment income and capital gains on the Notes and to the acquisition through gift or inheritance of such Notes.

Nevertheless, pursuant to the Special Taxation Regime for Debt Securities approved by Decree-law 193/2005, of 7 November 2005, as amended from time to time (hereafter "the special regime approved by Decree-law 193/2005"), investment income and gains on the disposal of debt securities issued by Portuguese resident entities, such as the Notes (except for Notes with a maturity of less than one year), may be exempt from Portuguese income tax, provided that the debt securities are integrated in a centralised system recognised under the Securities Code (such as the Central de Valores Mobiliários, managed by Interbolsa), and:

(i) the beneficial owners have no residence, head office, effective management or permanent establishment in the Portuguese territory to which the income is attributable; and

(ii) the beneficial owners are not domiciled in a country, territory or region subject to a clearly more favourable tax regime included in the list approved by Ministerial order no. 150/2004 of 13 February (as amended by Ministerial order no. 292/2011 of 8 November), except if they are central banks and government agencies; and

(iii) the beneficial owners are not held, directly or indirectly, in more than 20% by Portuguese resident entities.

The special regime approved by Decree-law 193/2005 sets out the detailed rules and procedures to be followed on the proof of non residence by the holders of Notes to which it applies.

Under these rules, the direct register entity (i.e. the entity affiliated to the centralised system where the securities are integrated), as the entity holding the relevant account with the relevant centralised system in which the Notes are integrated, is to obtain and keep proof, in the form described below, that the beneficial owner is a non-resident entity that is entitled to the exemption. As a general rule, the proof of non residence by the holders of Notes should be provided to, and received by, the direct register entities prior to the relevant date for payment of any interest, or the redemption date (for Zero Coupon Notes), and prior to the transfer of Notes, as the case may be.

The following is a general description of the rules and procedures on the proof required for the exemption to apply at source, as they stand on the date of this Offering Circular.

(a) Domestically Cleared Notes

The beneficial owner of Notes must provide proof of non residence in Portuguese territory substantially in the terms set forth below.

(i) If a holder of Notes is a central bank, a public law institution or an international organisation, a declaration of tax residence issued by the holder of Notes, duly signed and authenticated or proof pursuant to (ii) or (iv) below;

(ii) If the beneficial owner of Notes is a credit institution, a financial company, pension fund or an insurance company domiciled in any OECD country or in a country with which Portugal has entered into a double taxation treaty and is subject to a special supervision regime or administrative registration, certification shall be made by means of the following: (A) its tax identification; or (B) a certificate issued by the entity responsible for such supervision or registration confirming the legal existence of the holder of Notes and its domicile; or (C) proof of non residence, pursuant to the terms of paragraph (iv) below;

(iii) If the beneficial owner of Notes is either an investment fund or other type of collective investment undertaking domiciled in any OECD country or any country with which Portugal has entered into a double tax treaty, certification shall be provided by means of any of the following documents: (A) declaration issued by the entity which is responsible for its registration or supervision or by the tax authorities, confirming its legal existence and the law of incorporation; or (B) proof of non residence pursuant to the terms of paragraph (iv) below;

(iv) In any other case, confirmation must be made by way of (A) a certificate of residence or equivalent document issued by the relevant tax authorities or, (B) a document issued by the relevant Portuguese consulate certifying residence abroad, or (C) a document specifically issued by an official entity of the public administration (either central, regional or peripheral, indirect or autonomous) of the relevant country certifying the residence; for these purposes, an identification document such as a passport or an identity card or document by means of which it is only indirectly possible to assume the relevant tax residence (such as a work or permanent residency permit) is not acceptable.

There are rules on the authenticity and validity of the documents mentioned in paragraph (iv) above, in particular that the holder of Notes must provide an original or a certified copy of the residence certificate or equivalent document. This document must be issued up to until 3 months after the date on which the withholding tax would have been applied and will be valid for a 3 year period starting on the date such

document is issued. The holder of Notes must inform the register entity immediately of any change that may preclude the tax exemption from applying.

(b) Internationally Cleared Notes

If the Notes are held through a centralised system recognised under the Portuguese Securities Code and complementary legislation, and are registered in an account with an international clearing system recognized by the Minister of Finance in accordance with the above-referred regime approved by Decree-Law 193/2005 (such as Euroclear or Clearstream, Luxembourg) and the management entity of such international clearing system undertakes not to provide registration services to (i) residents for tax purposes in Portugal which do not benefit from either an exemption from Portuguese taxation or an exemption from Portuguese withholding tax, and (ii) non-resident entities for tax purposes which do not benefit from the above Portuguese income tax exemption, special rules apply under which proof of the requirements to benefit from the exemption will be made through documents provided by participants to the direct register entity through the international clearing system managing entity. These documents must take into account the total accounts under their management regarding each holder of Notes that is tax exempt or benefits from an exemption from Portuguese withholding tax. The relevant procedures are as follows:

(i) Filing a certificate, on a yearly basis, with the name of each beneficial owner, address, taxpayer number (if applicable), specification of the securities held and the legal basis for the exemption from taxation or from Portuguese withholding tax. The current forms for these purposes were approved by Order ("Despacho") n. 4980/2006 (2nd series), of the Portuguese Minister of Finance and Public Administrations (currently "Ministro de Estado e das Finanças"), published in the Portuguese official gazette, second series, n. 45, of 3 March 2006, and may be available for viewing and downloading at www.portaldasfinancas.gov.pt

(ii) Alternatively, filing a yearly declaration that states that the beneficial owners are exempt or not subject to withholding tax. This declaration is complemented with a disclosure list, on each coupon payment date, of the beneficial owners, stating their address, taxpayer number (if applicable), quantity held, and legal basis for the exemption from taxation or from Portuguese withholding tax. The current forms for these purposes were approved by Notice ("Aviso") n. 3714/2006 (2.nd series), published in the Portuguese official gazette, second series, n. 59, of 23 March 2006 issued by the Portuguese Secretary of State for Tax Affairs (currently "Secretário de Estado dos Assuntos Fiscais") and may be available for viewing and downloading at www.portaldasfinancas.gov.pt.

In addition, the international clearing system managing entity shall inform the direct register entity of the income paid to each participant for each security payment.

No Portuguese exemption shall apply at source under the special regime approved by Decree-law 193/2005 if the above rules and procedures are not followed. Accordingly, the general Portuguese tax provisions shall apply as described above.

If the conditions for the exemption to apply are met, but, due to inaccurate or insufficient information, tax is withheld, a special refund procedure is available under the regime approved by Decree-law 193/2005. The refund claim is to be submitted to the direct or indirect register entity of the Notes within 90 days from the date the withholding took place. A special form (Form 19-RFI) for these purposes was approved by Order ("Despacho") n. 4980/2006 (2.nd series), published in the Portuguese official gazette, second series, n. 45, of 3 March 2006 issued by the Portuguese Minister of Finance and Public Administration (currently "Ministro de Estado e das Finanças") and may be available for viewing and downloading at www.portaldasfinancas.gov.pt

The refund of withholding tax in other circumstances or after the above 90 days period is to be claimed to the Portuguese tax authorities under the general procedures or through Form 22-RFI, approved by order ("Despacho") no. 4743-A/2008 (2nd series), as rectified on 29 February 2008, published in the Portuguese official gazette, second series, no. 45, of 29 February 2008, of the Portuguese Minister of Finance and may be available for viewing and downloading at www.portaldasfinancas.gov.pt. and within the general deadlines.

3. Cayman Islands Taxation

There are no income, corporation, capital gains or other direct taxes in effect in the Cayman Islands on the basis of present legislation. BCP Finance has received an undertaking from the Governor in Council of the

Cayman Islands pursuant to the Tax Concessions Law 1999 Revision of the Cayman Islands that, for a period of 20 years from the date of the grant of the undertaking, (being 28 April 1998) no law enacted in the Cayman Islands imposing any tax to be levied on profits, income or gains or appreciation shall apply to BCP Finance or its operations and no such tax or any tax in the nature of the estate duty or inheritance tax shall be payable by BCP Finance on or in respect of the shares, debentures, or other obligations of BCP Finance or by way of withholding in whole or in part of any payment of dividend or other distribution of income or capital by BCP Finance to its members or any payment of interest or principal or other sums due under a debenture or other obligation of BCP Finance.

4. United Kingdom Taxation

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating only to United Kingdom withholding tax treatment of payments of principal and interest in respect of Notes. It does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Payments of interest on the Notes may be made without withholding on account of United Kingdom income tax.

However, Noteholders may wish to note that, in certain circumstances, HM Revenue and Customs ("**HMRC**") has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder. HMRC also has power, in certain circumstances, to obtain information from any person in the United Kingdom who pays amounts payable on the redemption of Notes which are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005 to or receives such amounts for the benefit of another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of amounts payable on the redemption of deeply discounted securities where such amounts are paid on or before 5 April 2011. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any information obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

5. EU Savings Directive

Under EU Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The European Commission has proposed certain amendments to the Directive, which may, if implemented, amend or broaden the scope of the requirements described above.

CLEARING AND SETTLEMENT

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Clearstream, Luxembourg, Euroclear or Interbolsa (together, the "Clearing Systems") currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuers, the Trustee or any agent party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Registered Global Notes

DTC

DTC has advised the Issuers that it is a limited purpose trust company organised under the laws of the State of New York, a member of the United States Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the U.S. Securities Exchange Act of 1934, as amended. DTC holds securities that its direct participants ("Direct Participants") deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in such securities through electronic book-entry changes in accounts of the Direct Participants, thereby eliminating the need for physical movement of security certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC is indirectly owned by a number of its Direct Participants and by the New York Stock Exchange LLC, the NYSE Amex LLC and the Financial Industry Regulatory Authority, Inc. Access to DTC is available to others, such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants").

Under the rules, regulations and procedures creating and affecting DTC and its operations (the **Rules**), DTC makes book-entry transfers of Notes among Direct Participants on whose behalf it acts with respect to Notes accepted into DTC's book-entry settlement system (**DTC Notes**) as described below and receives and transmits distributions of principal and interest on DTC Notes. The Rules are on file with the Securities and Exchange Commission. Direct Participants and Indirect Participants with which beneficial owners of DTC Notes (**Owners**) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through Direct Participants or Indirect Participants will not possess Notes, the Rules, by virtue of the requirements described above, provide a mechanism by which Direct Participants will receive payments and will be able to transfer their interest in respect of the DTC Notes.

Purchases of DTC Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the DTC Notes on DTC's records. The ownership interest of each actual purchaser of each DTC Note (**Beneficial Owner**) is in turn to be recorded on the Direct and Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the DTC Notes are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in DTC Notes, except in the event that use of the book-entry system for the DTC Notes is discontinued.

To facilitate subsequent transfers, all DTC Notes deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposits of DTC Notes with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the DTC Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such DTC Notes are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners

will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to Cede & Co. If less than all of the DTC Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to DTC Notes. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the DTC Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the DTC Notes will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the due date for payment in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the due date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility for such Participants and not to DTC or the Issuer, subject to any statutory or regulatory requirement as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Under certain circumstances, including if there is an Event of Default under the Notes, DTC will exchange the DTC Notes for definitive Notes, which it will distribute to its Participants in accordance with their proportionate entitlements and which, if representing interests in a Restricted Global Note, will be legended as set forth under "*Subscription and Sale and Transfer Restrictions*".

Since DTC may only act on behalf of Direct Participants, who in turn act on behalf of Indirect Participants, any Owner desiring to pledge DTC Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to such DTC Notes, will be required to withdraw its Notes from DTC as described below.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for its customers and facilitates the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

Book-entry Ownership of and Payments in respect of DTC Notes

The Issuer will apply to DTC in order to have the Restricted Global Note for any Tranche of Notes accepted in its book-entry settlement system. Upon the issue of any such Restricted Global Note, DTC or its custodian will credit, on its internal book-entry system, the respective nominal amounts of the individual beneficial interests represented by such Restricted Global Note to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant Dealer. Ownership of beneficial interests in such a Restricted Global Note will be limited to Direct Participants or Indirect Participants, including the respective depositaries of Euroclear and Clearstream, Luxembourg. Ownership of beneficial interests in a Restricted Global Note accepted by DTC will be shown on, and the transfer of such ownership will be effected only through, records maintained by DTC or its nominee (with respect to the interests of Direct Participants) and the records of Direct Participants (with respect to interests of Indirect

Participants).

Payments in U.S. dollars of principal and interest in respect of a Restricted Global Note accepted by DTC will be made to the order of DTC or its nominee as the registered holder of such Note. In the case of any payment in a currency other than U.S. dollars, payment will be made to the Exchange Agent on behalf of DTC or its nominee and the Exchange Agent will (in accordance with instructions received by it) remit all or a portion of such payment for credit directly to the beneficial holders of interests in the Restricted Global Note in the currency in which such payment was made and/or cause all or a portion of such payment to be converted into U.S. dollars and credited to the applicable Participants' account.

The Issuers expect DTC to credit accounts of Direct Participants on the applicable payment date in accordance with their respective holdings as shown in the records of DTC unless DTC has reason to believe that it will not receive payment on such payment date. The Issuers also expect that payments by Participants to beneficial owners of Notes will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers, and will be the responsibility of such Participant and not the responsibility of DTC, the Paying Agents or the Issuers. Payment of principal, premium, if any, and interest, if any, on Notes to DTC is the responsibility of the relevant Issuer.

Transfers of Notes Represented by Registered Global Notes

Transfers of any interests in Notes represented by a Registered Global Note within DTC, Euroclear and Clearstream, Luxembourg will be effected in accordance with the customary rules and operating procedures of the relevant clearing system. The laws in some States within the United States require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer Notes represented by a Registered Global Note to such persons may depend upon the ability to exchange such Notes for Notes in definitive form. Similarly, because DTC can only act on behalf of Direct Participants in the DTC system who in turn act on behalf of Indirect Participants, the ability of a person having an interest in Notes represented by a Restricted Global Note accepted by DTC to pledge such Notes to persons or entities that do not participate in the DTC system or otherwise to take action in respect of such Notes may depend upon the ability to exchange such Notes for Notes in definitive form. The ability of any holder of Notes represented by a Restricted Global Note accepted by DTC to resell, pledge or otherwise transfer such Notes may be impaired if the proposed transferee of such Notes is not eligible to hold such Notes through a Direct Participant or Indirect Participant in the DTC system.

Subject to compliance with the transfer restrictions applicable to the Notes described under "*Subscription and Sale and Transfer Restrictions*", cross-market transfers between DTC, on the one hand, and directly or indirectly through Clearstream, Luxembourg or Euroclear accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Registrar, the Agent and any custodian (**Custodian**) with whom the relevant Registered Global Notes have been deposited.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Clearstream, Luxembourg and Euroclear and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Clearstream, Luxembourg or Euroclear and DTC Participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Clearstream, Luxembourg and Euroclear, on the other, transfers of interest in the relevant Registered Global Notes will be effected through the Registrar, the Agent and the Custodian receiving instructions (and, where appropriate certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. In the case of cross-market transfers, settlement between Euroclear and Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

DTC, Clearstream, Luxembourg and Euroclear have each published rules and operating procedures designed to facilitate transfers of beneficial interests in Registered Global Notes among participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear. However, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or changed at any time. None of the Issuers, the parties to the Agency Agreement or any Dealer will be responsible for any

performance by DTC, Clearstream, Luxembourg or Euroclear or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations and none of them will have any liability for any aspect of the records relating to or payments made on account of beneficial interests in the Notes represented by Registered Global Notes or form maintaining, supervising or reviewing any records relating to such beneficial interests.

Book Entry Notes Held Through Interbolsa – General

Interbolsa holds security through a centralised system ("*sistema centralizado*") composed by interconnected securities accounts, through which such securities (and inherent rights) are, held and transferred, and which allows Interbolsa to control at all times the amount of securities so held and transferred. Issuers of securities, financial intermediaries, the Bank of Portugal, Caixa Geral de Depositos, S.A. and Interbolsa, as the controlling entity, all participate in such centralised system.

The centralised securities system of Interbolsa provides for all procedures required for the exercise of ownership rights inherent to the Book Entry Notes held through Interbolsa.

In relation to each issue of securities, Interbolsa's centralised system comprises, inter alia, (i) the issue account, opened by the relevant issuer in the centralised system and which reflects the full amount of issued securities; and (ii) the control accounts opened by each of the financial intermediaries which participate in Interbolsa's centralised system, and which reflect the securities held by such participant on behalf of its customers in accordance with its individual securities accounts.

Book Entry Notes held through Interbolsa will be attributed an International Securities Identification Number ("ISIN" code) through the codification system of Interbolsa. These Book Entry Notes will be accepted and registered with CVM the centralised securities system managed and operated by Interbolsa and settled by Interbolsa's settlement system.

Form of the Book Entry Notes held through Interbolsa

The Book Entry Notes of each Series will be in book entry form and title to the Book Entry Notes will be evidenced by book entries in accordance with the provisions of the Portuguese Securities Code and the applicable Comissão do Mercado de Valores Mobiliáros (**CMVM**) and Interbolsa regulations. No physical document of title will be issued in respect of Book Entry Notes held through Interbolsa.

The Book Entry Notes of each Series will be registered in the relevant issue account opened by the Issuer with Interbolsa and will be held in control accounts by each Interbolsa Participant (as defined below) on behalf of the holders of the Book Entry Notes. Such control accounts reflect at all times the aggregate of Book Entry Notes held in the individual securities accounts opened by the holders of the Book Entry Notes with each of the Interbolsa Participants. The expression "Interbolsa Participant" means any authorised financial intermediary entitled to hold control accounts with Interbolsa on behalf of their customers and includes any depository banks appointed by Euroclear and Clearstream, Luxembourg for the purpose of holding accounts on behalf of Euroclear and Clearstream, Luxembourg.

Each person shown in the records of an Interbolsa Participant as having an interest in Book Entry Notes shall be treated as the holder of the principal amount of the Book Entry Notes recorded therein.

Payment of principal and interest in respect of Book Entry Notes held through Interbolsa

Whilst the Book Entry Notes are held through Interbolsa, payment of principal and interest in respect of the Book Entry Notes will be (i) credited, according to the procedures and regulations of Interbolsa, by the relevant Paying Agent (acting on behalf of the Issuer) to the payment current-accounts held in the payment system of the Bank of Portugal or Caixa Geral de Depositos, S.A. as applicable by the Interbolsa Participants whose control accounts with Interbolsa are credited with such Book-Entry Notes and thereafter (ii) credited by such Interbolsa Participants from the aforementioned payment current-accounts to the accounts of the owners of those Book Entry Notes or through Euroclear and Clearsteam, Luxembourg to the accounts with Euroclear and Clearstream, Luxembourg of the beneficial owners of those Book Entry Notes, in accordance with the rules and procedures of Interbolsa, Euroclear or Clearstream, Luxembourg, as the case may be.

Transfer of Book Entry Notes held through Interbolsa

Book Entry Notes held through Interbolsa may, subject to compliance with all applicable rules, restrictions and requirements of Interbolsa and Portuguese law, be transferred to a person who wishes to hold such Book Entry Notes. No owner of Book Entry Notes will be able to transfer such Book Entry Notes, except in accordance with Portuguese Law and the applicable procedures of Interbolsa.

SUBSCRIPTION AND SALE AND TRANSFER RESTRICTIONS

The Programme Dealers, pursuant to an amended and restated dealer agreement dated 28 June, 2012 (as amended, restated or supplemented from time to time, the "**Dealer Agreement**"), have agreed with the Issuers on the terms upon which any one or more of the Programme Dealers may from time to time agree to purchase (as principal, unless the applicable Final Terms states otherwise) Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*", "*Form of Final Terms*" and "*Terms and Conditions of the Notes*" above. In the Dealer Agreement, each Issuer, and in the event of default of such obligation by such Issuer, the Bank (for Notes issued by BCP Finance and guaranteed by the Bank acting through its Macao branch), has agreed to reimburse the Programme Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme. Each Issuer may also agree to issue Notes to Issue Dealers who shall enter into the Dealer Agreement with such Issuer for the purpose only of a particular issue or issues of Notes under the Programme on, and subject to, the terms of the Dealer Agreement. Dealers will be entitled in certain circumstances to be released from their obligations under the Dealer Agreement in respect of the issue and purchase of Notes under the Programme.

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in certain transactions exempt from the registration requirements of the Securities Act.

(i) Offers, sales, resales and other transfers of Notes in the United States made or approved by a Dealer (including in connection with secondary trading) shall be made with respect to Registered Notes only and shall be effected pursuant to an exemption from the registration requirements of the Securities Act.

(ii) Offers, sales, resales and other transfers of Notes made in the United States will be made only to (a) Institutional Accredited Investors that have executed and delivered to a Dealer the IAI Investment Letter addressed to the relevant Issuer (and to the Bank, for Notes issued by BCP Finance and guaranteed by the Bank acting through its Macao branch) substantially in the form set out in the Agency Agreement or (b) investors that are reasonably believed to qualify as QIBs within the meaning of Rule 144A in transactions meeting the requirements of Rule 144A.

(iii) Notes will be offered in the United States only by approaching prospective purchasers on an individual basis. No general solicitation or general advertising will be used in connection with the offering of the Notes in the United States.

(iv) No sale of Notes in the United States to an Institutional Accredited Investor will be for less than U.S.$250,000 principal amount and no Note will be issued in connection with such a sale in a smaller principal amount. If such purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.$250,000 principal amount of such Notes.

(v) Each Registered Note (other than Reg. S Notes in definitive form) shall contain a legend in substantially the following form: "THIS NOTE HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY UNITED STATES STATE SECURITIES LAWS.

NEITHER THIS NOTE NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, REGISTRATION.

THE HOLDER OF THIS NOTE BY ITS ACCEPTANCE HEREOF, ON ITS OWN BEHALF AND ON BEHALF OF ANY ACCOUNT FOR WHICH IT IS PURCHASING THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN, AGREES THAT IT SHALL NOT OFFER, SELL OR OTHERWISE TRANSFER SUCH NOTE OR ANY INTEREST OR PARTICIPATION HEREIN EXCEPT TO, OR FOR THE ACCOUNT OR BENEFIT OF (A) THE ISSUER OR A DEALER (AS DEFINED IN THE OFFERING CIRCULAR FOR THIS NOTE), (B) A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT, (C) AN INSTITUTIONAL "ACCREDITED INVESTOR" (AS

DEFINED IN RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) AND THAT, PRIOR TO SUCH TRANSFER, SHALL HAVE FURNISHED TO SUCH HOLDER AND TO THE ISSUER OF THIS NOTE A WRITTEN CERTIFICATION CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS NOTE (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE REGISTRAR AND THE TRANSFER AGENTS), (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION WHICH MEETS THE REQUIREMENTS OF REGULATION S UNDER THE SECURITIES ACT, (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, OR (F) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, AND IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. UPON ANY TRANSFER OF THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN PURSUANT TO THE ABOVE CLAUSES (C) OR (F), AND CLAUSE (B) IN THE CASE OF REG. S NOTES ONLY (AS SUCH TERM IS DEFINED IN THE CONDITIONS), THE HOLDER WILL BE REQUIRED TO FURNISH TO THE ISSUER SUCH CERTIFICATIONS (WHICH IN THE CASE OF TRANSFERS PURSUANT TO CLAUSES (C) OR (F), AND CLAUSE (B), IN THE CASE OF REG. S NOTES ONLY, CAN BE OBTAINED FROM THE REGISTRAR AND THE TRANSFER AGENTS), LEGAL OPINIONS OR OTHER INFORMATION AS EITHER OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE HOLDER WILL ALSO BE REQUIRED TO DELIVER TO THE TRANSFEREE OF THIS NOTE OR ANY INTEREST OR PARTICIPATION HEREIN A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. ANY RESALE OR OTHER TRANSFER OR ATTEMPTED RESALE OR OTHER TRANSFER OF THIS NOTE MADE OTHER THAN IN COMPLIANCE WITH THE FOREGOING RESTRICTIONS SHALL NOT BE RECOGNISED BY THE ISSUER, THE REGISTRAR, THE TRANSFER AGENTS OR ANY OTHER AGENT OF THE ISSUER."

The legend endorsed on each Reg. S Global Note shall cease to apply after expiration of the Distribution Compliance Period applicable thereto.

By its purchase of any Notes, each investor in the United States shall be deemed to have agreed to the restrictions contained in any legend endorsed on the Notes purchased by it (to the extent still applicable) and each such purchaser shall be deemed to have represented to the relevant Issuer, the seller and the Dealer, if applicable, that it is either (i) a QIB and is aware that the sale to it is being made in reliance on Rule 144A or (ii) an Institutional Accredited Investor that is acquiring the Notes for its own account for investment and not with a view to the distribution thereof. If it is acquiring any Notes for the account of one or more QIBs it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account. Each investor (other than an investor in Reg. S Notes following expiration of the applicable Distribution Compliance Period), by its purchase of any Notes, also agrees to deliver to the transferee of any Note a notice substantially to the effect of the above legend.

Each prospective investor is hereby offered the opportunity to ask questions of, and receive answers from, the relevant Issuer and the Dealers concerning the terms and conditions of the offering. Each prospective investor acknowledges that (i) it has been afforded an opportunity to request from the Issuer and to review, and it has received, all additional information considered by it to be necessary to verify the accuracy of the information herein; (ii) it has not relied on any Dealer or any person affiliated with any Dealer in connection with its investigation of the accuracy of the information contained in this Offering Circular or its investment decision; and (iii) no person has been authorised to give any information or to make any representation concerning the Issuer or the Notes other than those contained in this Offering Circular and, if given or made, such other information or representation should not be relied upon as having been authorised by the Issuer or any Dealer.

Pursuant to the Dealer Agreement, each Issuer has agreed to indemnify the Dealers against, or to contribute to losses arising out of, certain liabilities, including liabilities under certain securities laws, in respect of Notes of which it is the Issuer.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S.

Treasury regulations. Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations promulgated thereunder.

Each Programme Dealer has represented and agreed and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree that it will not offer or sell any Notes of any Tranche (i) as part of their distribution at any time or (ii) otherwise until expiration of the Distribution Compliance Period applicable to such Tranche, within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S), and it will have sent to each distributor, dealer and any person receiving a selling concession, fee or other remuneration to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to or for the account or benefit of, U.S. persons.

In addition, until expiration of 40 days after the commencement of the offering of any Notes, an offer or sale of such Notes within the United States by a dealer, including a dealer that is not participating in the offering, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption under the Securities Act.

Each issuance of Dual Currency or Indexed Linked Notes will be subject to such additional U.S. selling restrictions as the relevant Issuer and the relevant Dealer(s) may agree, as indicated in the applicable Final Terms. Each Programme Dealer has agreed and, if different, the relevant Dealer in respect of each such issue will be required to agree that it will offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each Programme Dealer has represented and agreed, and each further Programme Dealer or Issuer Dealer appointed under the Programme will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the final terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

(a) if the final terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) at any time to fewer than 100 or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (b) to (d) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing

the Prospectus Directive in that Member State and the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

United Kingdom

Each Programme Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes issued by BCP Finance which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by BCP Finance;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of any Notes in circumstances in which Section 21(1) of the FSMA does not or, in the case of the Guarantor, would not, if it was not an authorised person, apply to the Issuer or the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

The Cayman Islands

Each Programme Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that no invitation will be made to the Public in the Cayman Islands to purchase any Notes, whether directly or indirectly. "*Public*" for these purposes does not include a sophisticated person, a high net worth person, a company, partnership or trust of which the shareholders, unit holders or limited partners are each a sophisticated person, a high net worth person any exempted or ordinary non-resident company registered under the Companies Law (2011 Revision) or a foreign company registered pursuant to Part IX of the Companies Law (2011 Revision) or any such company acting as general partner of a partnership registered pursuant to Section 9(1) of the Exempted Limited Partnership Law (2011 Revision) or any director or officer of the same acting in such capacity or the Trustee of any trust registered or capable of registering pursuant to Section 74 of the Trusts Law (as Revised).

Portugal

Each Programme Dealer has represented and agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that the Notes may not be and will not be offered to the public in Portugal under circumstances which are deemed to be a public offer under the Portuguese Securities Code (*Código dos Valores Mobiliários*) enacted by Decree Law no. 486/99, of 13 November 1999, as amended, unless the requirements and provisions applicable to the public offerings in Portugal are met and the registration or approval by the Portuguese Securities Exchange Commission ("*Comissão do Mercado de Valores Mobiliários")* or a recognition procedure is made with the CMVM. In addition, each Programme dealer has represented and agreed, an each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree that (i) it has not directly or indirectly taken any action or offered, advertised, marketed invited to subscribe, gathered investment intentions, sold or delivered and will not directly or indirectly take any action, offer, advertise, invite to subscribe, gather investment intentions, sell, re-sell, re-offer or deliver any Notes in circumstances which could qualify as a public offer ("*oferta pública*") of securities pursuant to the Portuguese Securities Code, notably in circumstances which could qualify as a public offer addressed to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be; (ii) it has not distributed, made available or caused to be distributed and will not distribute, make available or cause to be distributed the

Offering Circular or any other offering material relating to the Notes to the public in Portugal other than in compliance with all applicable provisions of the Portuguese Securities Code, any regulations implementing the Prospectus Directive, and any applicable CMVM Regulations and all relevant Portuguese securities laws and regulations, in any such case that may be applicable to it in respect of any offer or sale of Notes by it in Portugal or to individuals or entities resident in Portugal or having permanent establishment located in Portuguese territory, as the case may be including the publication of a base prospectus, when applicable, and that such placement shall only be authorised and performed to the extent that there is full compliance with such laws and regulations.

Without prejudice to the above, on 4 May 2012, the CMVM launched a public consultation (*consulta pública*) on the preliminary draft of the decree-law that will transpose into the Portuguese legal framework the 2010 PD Amending Directive. Accordingly, rules in respect of public offerings of securities are likely to change in a near future, although it is at this stage uncertain the exact scope of those variations and when will the same enter into force.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and each Programme Dealer has agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Control Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

General

Each Programme Dealer has agreed, and each further Programme Dealer or Issue Dealer appointed under the Programme will be required to agree, that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction, in particular Australia, South Africa and Canada, to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuers nor any Dealer shall have any responsibility therefor.

Neither the Issuers nor any Dealer represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, in particular Australia, South Africa and Canada, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other additional restrictions as the relevant Issuer and such Dealer shall agree and as shall be set out in the applicable Final Terms.

GENERAL INFORMATION

Authorisation

The establishment and update of the Programme have been duly authorised by resolutions of the Board of Directors of the Bank dated 3 September 1998, 9 November 1999, 20 November 2000, 7 December 2001, 16 December 2002, 14 November 2003, 12 November 2004, 7 December 2005, 11 September 2006, 2 April 2007, 22 April 2008, 21 April 2009, 19 April 2010 and 5 April 2011 and by resolution of the Executive Committee of the Bank dated 19 June 2012 and the increase in the Programme limit was authorised by resolutions of the Board of Directors of the Bank dated 9 November 1999, 20 November 2000, 7 December 2001, 14 November 2003, 12 November 2004, 7 December 2005 and 11 September 2006 and 2 April 2007. The Board of Directors of BCP Finance duly authorised the establishment and update of the Programme and the issue of Notes under the Programme by resolutions dated 7 October 1998, 11 November 1999, 24 November 2000, 17 December 2001, 17 December 2002, 19 November 2003, 19 November 2004, 12 December 2005, 18 September 2006, 17 April 2007, 22 April 2008, 27 April 2009, 20 April 2010, 9 May 2011 and 25 June, 2012, and the increase in the Programme limit by resolutions dated 11 November 1999, 24 November 2000, 17 December 2001, 19 November 2003, 19 November 2004, 12 December 2005, 18 September, 2006 and 17 April 2007. The giving of the Guarantee has been duly authorised by resolutions of the Executive Committee of the Bank dated 19 June 2012.

Listing of Notes

The admission of Notes to the Official List will be expressed as a percentage of their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the Official List and to trading on the London Stock Exchange's regulated market will be admitted separately as and when issued, subject only to the issue of the relevant Note. Application has been made to the UK Listing Authority for the Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. The listing of the Programme in respect of Notes is expected to be granted on or around 2 July 2012.

Documents Available

For the period of 12 months, following the date of this Offering Circular, copies of the following documents will, when published, be available throughout the life of the Programme from the registered office of each of the Issuers and from the specified office of the Paying Agents:

(i) the constitutional documents (in English) of each Issuer;

(ii) the published audited consolidated financial statements of the Banco Comercial Português Group in English and auditors' report contained in the Bank's Annual Report for the two financial years ended 31 December 2011;

(iii) the most recently available audited consolidated financial statements of the Banco Comercial Português Group contained in the Bank's Annual Report and the most recently available published unaudited interim statements of the Bank;

(iv) the published audited financial statements of BCP Finance in English and auditors' report contained in BCP Finance's Annual Report for the two financial years ended 31 December 2011 and the most recently available unaudited interim financial statements of BCP Finance (if any);

(v) the Dealer Agreement, the Agency Agreement, the Instrument, and the Trust Deed (containing the forms of Temporary Bearer Global Notes, Permanent Bearer Global Notes, Reg. S Global Notes, Restricted Global Notes, Notes in definitive form, Receipts, Coupons and Talons from time to time issuable under the Programme);

(vi) copy of this Offering Circular; and

(vii) any future offering circulars, information memoranda and supplements (excluding the Final Terms in connection with Notes not listed on any stock exchange) to this Offering Circular and any other documents incorporated herein or therein by reference.

Clearing Systems

The Bearer Notes have been accepted for clearance through Clearstream, Luxembourg and Euroclear. The appropriate common code and ISIN for each Tranche of Bearer Notes allocated by Clearstream, Luxembourg and Euroclear will be specified in the applicable Final Terms.

In addition, the relevant Issuer will make an application for any Registered Notes to be accepted for trading in book-entry form by DTC. The CUSIP and/or CINS numbers for each Tranche of Registered Notes, together with the relevant ISIN and common code, will be specified in the applicable Final Terms. The Book-Entry Notes will be accepted for clearance through Interbolsa. The appropriate ISIN for each Tranche of Book Entry Notes will be specified in the applicable Final Terms.

If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brusssels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

The address of DTC is 55 Water Street, 25th Floor, New York, NY 10041-0099.

The address of Interbolsa is Avenida da Boavista, 3433-4100 Porto.

Significant or Material Change

There has been no significant change in the financial or trading position of the Banco Comercial Português Group since 31 March 2012.

There has been no significant change in the financial or trading position of BCP Finance since 31 December 2011.

Save as disclosed on pages 150 to 151 in the section entitled "Recent Developments in 2012", there has been no material adverse change in the prospects of the Bank or the Banco Comercial Português Group since the date of the last audited annual accounts, 31 December 2011.

There has been no material adverse change in the prospects of BCP Finance since the date of the last audited accounts, 31 December 2011.

Litigation

As mentioned in note 58 to the 2011 consolidated financial statements of the Bank, quoting:

"1. At the end of the year of 2007, the Bank received a formal notice dated of 27 December 2007 informing that administrative proceedings no. 24/07/CO were brought by Banco de Portugal against the Bank, "based in preliminary evidence of administrative offences foreseen in the General Framework of credit Institutions and Financial Companies (approved by Decree-Law no. 298/92, of December 31), in particular with respect to breach of accounting rules, provision of false or incomplete information to Banco de Portugal, in particular in what respects to the amount of own funds and breach of prudential obligations".

A press release issued by Banco de Portugal on 28 December 2007 mentioned that such administrative proceedings were initiated "based in facts related with 17 off-shore entities, whose nature and activities were always hidden from Banco de Portugal, in particular in previous inspections carried out".

On 12 December 2008, the Bank was notified of an accusation under the administrative proceedings no. 24/07/CO instructed by Banco de Portugal, in which this Authority charges the Bank with the practice of six administrative offences regulated by paragraph g) and three administrative offences regulated by paragraph r) of article 211 of the Legal Framework for Credit Institutions and Financial Companies (LFCIFC).

The offences, should the charges be proven true, would be the following:

a) Failure to comply with the applicable accounting rules, determined by law or by Banco de Portugal, that do not cause serious damages to the knowledge of the company's assets and financial standing is an administrative offence regulated in article 210 (f) of the LFCIFC,

whereby companies are punished by a fine between Euro 750 and Euro 750,000. However, if such conduct causes serious damages, it may become the offence regulated in article 211 (g) of the LFCIFC, whereby companies are punished by a fine between Euro 2,500 and Euro 2,494,000.

b) the (i) omission of information and communications to Banco de Portugal, within the due deadlines or (ii) the provision of incomplete information are offences regulated in article 210 (h – presently amended to i) of the LFCIFC, whereby companies are punished by a fine between Euro 750 and Euro 750,000. However, the (i) provision of false information or (ii) of incomplete information to Banco de Portugal that may lead to wrongful conclusions with the same or similar effect as false information regarding that subject are offences regulated in article 211 (r) of the LFCIFC, whereby companies are punished by a fine between Euro 2,500 and Euro 2,494,000.

According to the charges, each offence is punishable by a fine between Euro 2,493.99 and Euro 2,493,989.49, and pursuant to the rules on accrued offences, defined in article 19 (1 and 2), of the Portuguese regime on administrative offences (Regime Geral das Contra-ordenações), in case of conviction for several offences, there shall be a single fine, the maximum amount of which cannot surpass twice the highest limit of the accrued offences.

On March 2009, the Bank did not accept the charges or accusations made and provided defence under these administrative proceedings within due term.

On 12 May 2010, the Bank was notified of the contents of the decision that, within the scope of the proceedings, was issued by the Board of Directors of Banco de Portugal, applying to it, as primary sanction, a single fine of Euro 5,000,000.

Different fines were applied to the remaining defendants as primary sanctions, globally amounting to Euro 4,470,000. The Board of Directors of Banco of Portugal decided to file the proceedings relating to a former Director and a Manager.

The Bank objected to this decision and has already been informed of the decision to accept the legal objections presented by all the defendants.

The trial hearing began in April 2011 and in September, the Court heard the witnesses so as to better appraise the validity of the documentation provided with the claims and their eventual nullity as evidence due to violation of banking secrecy.

After the hearing, the Court issued a decision dated of 7 October 2011 declaring that the evidence was null and therefore the entire process was annulled.

The Public Prosecutor and the Banco of Portugal appealed this decision and the appeal and replies to the allegations made by BCP and the other defendants have already been accepted.

The Bank is waiting for the process to go to Tribunal da Relação (Lisbon court of appeals) for appraisal.

2. On 12 December 2008, the Bank was notified by the CMVM of the accusation under the administrative proceedings no. 41/2008 wherein it was charged with seven administrative offences for the alleged violation of article 7 of the Securities Code (CVM) and of article 389 (1) (a) of that Code.

In accordance with article 7 of the CMVM the information relating to financial instruments, organised trading methods, the activities of financial intermediation, the settlement, clearing of operations, public offers of securities and issuers must be complete, true, updated, objective, clear and lawful.

The Bank did not accept the charges brought against it and has provided, on 27 January 2009, its defence under the administrative proceedings in question.

Banco Comercial Português was notified on 26 June 2009 of CMVM's decision, within the scope of the administrative offence proceedings no. 41/2008, to apply a single fine of Euro 5,000,000 with the partial suspension of the sentence's execution for Euro 2,500,000 for a two-year term.

The fine would be applied in its full amount if, during the suspension time the bank practiced any criminal or administrative offence, as foreseen in the Securities Code and it was timely disclosed.

The Bank did not accept this accusation and opposed it on 24 July 2009.

On 21 July 2010, the Tribunal de Pequena Instância de Lisboa (court of Lisbon for minor offences) pronounced the sentence on the proceedings partially approving the appeal regarding the suspension of Euro 2,500,000 for a two-year period and confirmed the CMVM's decision in all the remainder.

The Bank appealed to the Tribunal Constitucional (constitutional court) in April and the appeal was not accepted.

In April 2011, the BCP has appealed to the Tribunal Constitucional (constitutional court). On 15 February 2012, the judgment of the Tribunal Constitucional (constitutional court) dismissed the normative question of unconstitutionality alleged by the Bank. After the decision becomes final, the Bank will have to pay part of the fine which execution was not suspended, in the amount of Euro 2,500,000.

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4. On July 2009, the Bank was notified of the accusation deducted by Public Ministry in a criminal process against five former members of the Board of Directors of the Bank, related mainly to the above mentioned facts and note 57, and to present in this process a request for an indemnity.

   Considering this notification, and although considering as reproduced the contents of the defence presented in the above mentioned administrative proceedings, the Bank decided, in order to avoid any risk of a future allegation of loss of the right to an indemnity that may occur if no recourse is presented in this process, to present legal documentation regarding: (i) the recognition of its right, in a later period namely following the final identification of the facts, present a separate process in civil courts requesting an indemnity and (ii) additionally and cautiously, if the right to the request of a separate indemnity process in civil courts is not recognised, a civil indemnity according to the facts and terms mentioned in the accusation, if they are proven.

   On 19 July 2011 the Bank was notified of the decision of the 8ª Vara Criminal de Lisboa (Lisbon criminal court section) to recognise that the Bank could present an eventual request for civil indemnity separately. One of the Defendants appealed this decision to the Court of Appeals. The parties are waiting for a decision to be made thereon."

As at the date hereof, the administrative proceedings brought by Banco de Portugal under no. 24/07/CO are at appeal stage. Thus, following delivery of the court decision of 7 October 2011, which declared that the evidence was null and that therefore the entire process was also null, the Public Prosecutor and the Bank of Portugal appealed against this decision. The Bank and the other defendants presented their respective responses to these appeal allegations in due time. The trial court admitted such appeals, as well as the corresponding responses, and these have been submitted to the Lisbon court of appeals (Tribunal da Relação de Lisboa). In this instance, the Public Prosecutor gave a favorable opinion as regards the admissibility of the appeals. The Bank has already responded to such opinion, arguing that the appealed decision should be maintained, and hence the proceedings are pending a decision by the appeal court.

Also, on this date, the administrative proceedings brought by the CMVM under no. 41/2008 have already been decided by a final judgment. Indeed, the Constitutional Court decision of 15 February 2012, which dismissed the normative question of unconstitutionality alleged by the Bank, is now final and accordingly no further appeal is admissible.

On 10 August 2010, the U.S. Securities and Exchange Commission (the "SEC") initiated a Formal Order of Investigation styled In the Matter of Millennium BCP (NY-8329) (the "SEC Investigation"). The SEC staff has indicated that the SEC Investigation was initiated after receipt of a complaint from a U.S. customer who also filed an action in the United States Courts (which action has been contested by BCP and ultimately, as requested by BCP, was fully dismissed by the Court which dismissal was upheld by Court of Appeals).

In October 2010, the SEC staff initiated a request to Banco Comercial Português, S.A. ("BCP") for certain information on accounts at BCP held by U.S. residents.

BCP is, within the respect of the legally applicable framework, responding to and cooperating with the request received in connection with the SEC's inquiry, which duration and outcome cannot be predicted with any degree of certainty.

Save as disclosed in the section entitled "Litigation" on pages 198 to 201, there are no, nor have there been any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which either Issuer is aware) during the 12 months before the date of this document which may have or have had in the recent past a significant effect on the consolidated financial position or profitability of either of the Issuers or the Banco Comercial Português Group.

Auditors

The consolidated financial statements of the Banco Comercial Português Group for the financial years ended 31 December 2010 and 2011 were prepared in accordance with International Financial Reporting Standards. The financial statements of the Banco Comercial Português Group were audited in accordance with International Standards on Auditing for each of the two years ended 31 December 2011 by KPMG & Associados, SROC, SA independent certified public accountants.

All financial information in this Offering Circular relating to the Bank for the years ended 31 December 2010 and 2011 has been extracted without material adjustment from the audited financial statements of the Bank for the financial years then ended.

The financial statements of BCP Finance for each of the financial years ended 31 December 2010 and 2011 were prepared in accordance with International Financial Reporting Standards and audited in accordance with International Standards on Auditing by KPMG independent certified public accountants.

The Trust Deed provides that the Trustee may rely on certificates or reports from the Auditors or any other expert or other person in accordance with the provisions of the Trust Deed whether or not any such certificate or report or any engagement letter or other document entered into by the Trustee and the Auditors or any other expert or other person in connection therewith contains any limit on the liability of the Auditors or any other expert or other person.

Dealers transacting with the Issuer and the Bank

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer, the Bank and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer, the Bank or their affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer or the Bank routinely hedge their credit exposure to the Issuer or the Bank consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

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